

The

CREDIT WORLD

NOVEMBER, 1958



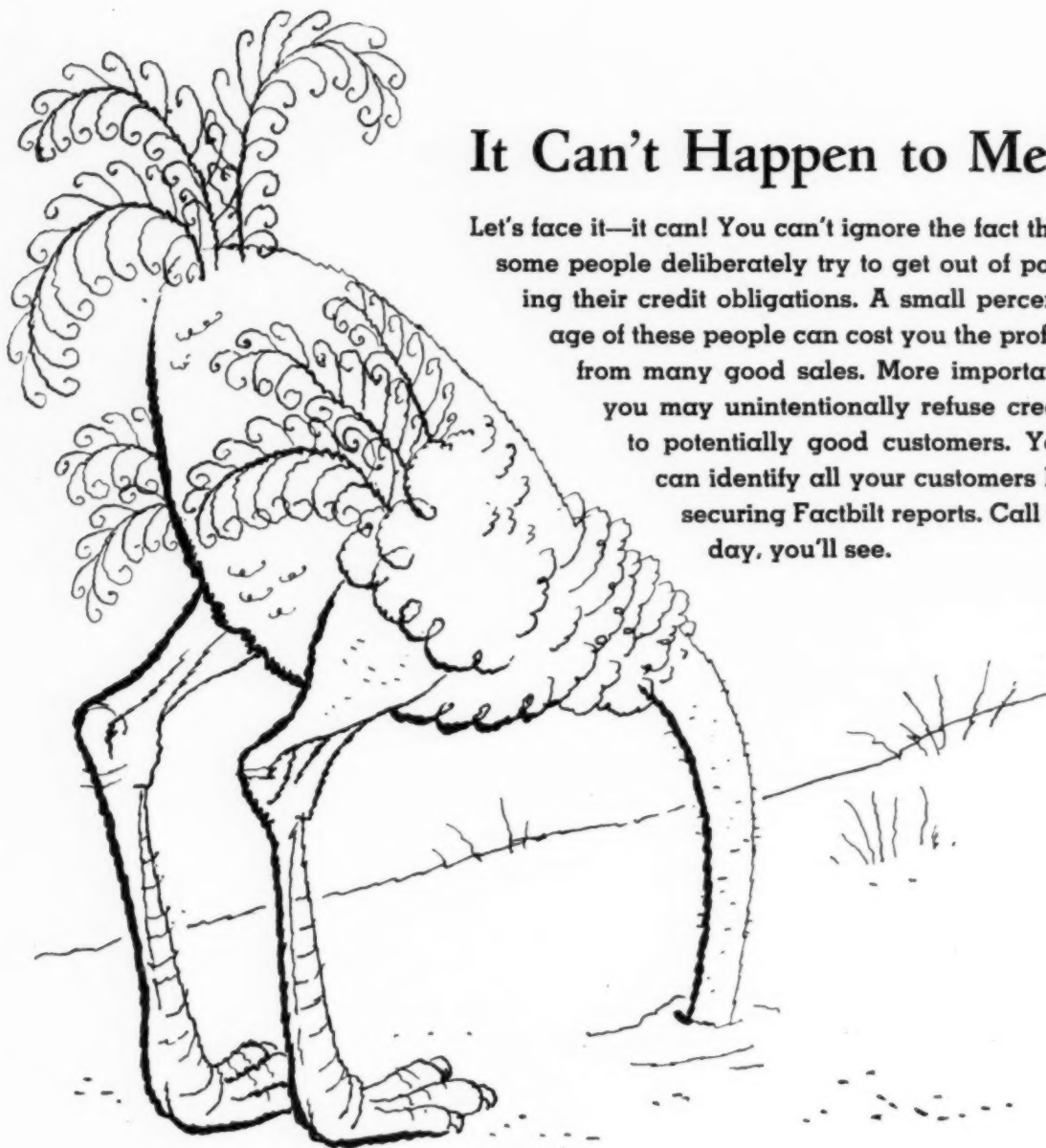
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PENSACOLA, FLORIDA

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The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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LEROY COLLINS
Governor of Florida

Pensacola Typifies Florida

IT IS A PLEASURE for me to join the editors of *The CREDIT WORLD* in saluting Pensacola and Northwest Florida.

In many ways, Pensacola typifies Florida. This city of five flags has a glorious and romantic history dating back some 400 years. But, in common with the remainder of the state, it also has a progressive present and an unlimited future.

Pensacola, with its strong manufacturing, tourism and agriculture, also shows in capsule form the balance and diversification of the entire Florida economy. The sound balance of Escambia County's economy is demonstrated by the fact that at the present time the number of workers in manufacturing industry is almost exactly equal to the total employment in wholesale and retail trade. Agriculture also is in healthy condition, with nearly 70,000 acres of farmland producing dairy products, tung nuts, cotton, potatoes, corn and soybeans worth more than \$3,000,000 a year.

In the same fashion, the diversified economy of the entire state has kept Florida generally prosperous even in times when much of the nation has been hurt by business slowdowns. Last year, for example, we entertained 8,080,000 visitors. At the same time, nonagricultural employment was reaching 1,133,000, an increase of 79.3 per cent in just 10 short years.

Florida agriculture also contributed \$636,128,000 to the economy in the form of cash income to farmers during 1957.

In manufacturing, too, Florida is marching forward rapidly. In the past two years alone, we have obtained 1,294 new plants and major expansions. These and older manufacturing concerns provided employment for 161,300 workers in 1957, or 73.8 per cent more than was the case 10 years previously.

This diversified economy and the state's good repayment record have helped strengthen the market for Florida securities of all kinds. In the matter of repayment, Florida has steadily reduced its old boom-time road and bridge debt from \$165,000,000 in 1930 to less than \$38,000,000 today.

Currently, the state's governmental units pursue the same kind of sound policy that generally is advised for individuals. Because of its fabulous population growth, it is sometimes wise and necessary for the counties and other political subdivisions to borrow money for new schools and other vital improvements. But such bond issues are floated in only the most prudent manner and in each instance an assured source of revenue is available to pay them off in an orderly fashion.

I want to extend an invitation to all members of the National Retail Credit Association to come to Florida to visit us or to become permanent residents. I am sure that when you do you will agree with the description of Florida as "a land of sunshine and flowers, where the arts and nature join their crafts to make a kingdom by Southern seas."

Pensacola, City of Diversified Interests

JOHN W. COLE

Publicity Director, City of Pensacola, Florida

PENSACOLA, largest city in West Florida, in 1959 will celebrate the 400th anniversary of the first colony established here by Don Tristan de Luna. But its greatest growth has been within the past three-score-and-ten years.

Today it is a stable city with a diversified economy—industrial, military, tourist, fisheries and agriculture. The world's largest integrated manufacturer of nylon yarn is located near the city and other chemical concerns have located nearby in an adjacent county. Three nationally known concerns utilize the new growth pine of the interior to make chemicals, insulation board and paper products. And there are numerous lesser industries.

The world's first naval aviation training station is located here, and all U. S. Navy flight training activities are commanded from Pensacola. Fifty miles east, the U. S. Air Force has its vast proving grounds complex at Eglin Field.

Its beaches, so white that the stretch from Pensacola to Panama City has been termed the "Miracle Strip," are dotted with thousands of summer cottages—which many northerners rent at "Off-season" rates in cooler months.

Long the principal point for distribution of gulf seafoods, it still ranks high in that respect. And, after you leave the sandy coast by about 20 miles, you will encounter farm lands where three crops a year can be grown—including, believe it or not, wheat, a new variety, which is now produced in commercial quantities.

But Pensacola is proudest of its history, little known to most Americans who have been imbued chiefly with the English origin of the United States. Pensacola history will be the basis of quadricentennial now being planned for 1959, supported by the entire State of Florida.

Question the statement as you may, Pensacola has more military history than any other area of the United States. Pensacola has been the real estate at issue in seven pitched battles, i.e., conflict resulting in casualties, and formidable land and naval forces have engaged in some of them. Andrew Jackson, of the former category, on two occasions used gunpowder to fix things

like he wanted them at Pensacola.

The city's origin was as peaceful as its present. One Don Tristan de Luna came up from Vera Cruz in 1559 with some 2,000 other Spaniards, including women and children, to found a colony. While Don Tristan's people were celebrating their arrival on the beach, a storm came in from the Gulf and destroyed their supply ships, and although they subsisted here for two years, they missed the opportunity of founding the first permanent settlement of Europeans in what is now the United States.

The Spaniards returned to stay in 1696, and the fighting began two decades later. The French, who had infiltrated down the Mississippi River and then formed settlements at Mobile and other Gulf Coast spots, coveted Pensacola with its fine bay and in 1719 came over and captured it in a combined naval and land action.

Reconquest of Pensacola

The Spaniards were bundled off to Havana aboard a French frigate which ran amidst a Spanish armada and was impressed into a force which returned to regain Pensacola after a naval bombardment and amphibious assault on its fortifications. This time the French survivors were taken to Havana as hostages, and the French at Mobile immediately laid plans for the reconquest of Pensacola. This they accomplished in September of the same year, destroying the forts and expelling the Spanish completely after gaining release of the French hostages at Havana.

In 1723 Pensacola was ceded back to the Spanish, who, in 1763, ceded it to England. The growth as a city really began under the British, who rebuilt Fort San Carlos de Barrancas at the mouth of the harbor and also built a fort on a hill overlooking the city itself.

In 1781, with British forces in America preoccupied by the Revolution, Spain decided to take Pensacola back and a force consisting of 80,000 soldiers and a considerable naval force drove the British out after a siege of several months that saw many casualties on each side.

Later the Spanish and the British in America got quite chummy, and

British troops and warships were stationed at Pensacola in the War of 1812. Among other nuisances the British were inciting the Indians against American settlers, and supplying them with arms and ammunition. When the Indians committed the Fort Mims Massacre in South Alabama on August 30, 1813, Gen. Andrew Jackson took to the woods, crushed the Creeks at Horseshoe Bend and then, in mopping up, captured Pensacola by force to drive out the Indians' British instigators.

Jackson went on to win the Battle of New Orleans and become a hero, but in 1818 he had to come back to Pensacola, this time to put an end to Spanish supplies for Seminole Indian raiders in north central Florida. Both his "visits" were marked by skirmishes with hardly more than token resistance and limited casualties.

Jackson paid a third visit, bloodless, in 1821 to accept cession of Florida to the United States.

In 1824 a navy yard station at Pensacola was authorized by Congress, and construction, at the present site of the main Naval Air Station here, was begun in 1826. Army forces already were occupying Fort San Carlos, and in 1829, a Coast Artillery fort, Pickens, was begun on Santa Rosa Island, directly across the bay.

This latter fort was the objective of Pensacola's last armed conflict. At the outset of the Civil War, it was promptly occupied by a small Army garrison. Later it was reinforced, by sea, and was one of three Southern forts which remained in Union hands throughout the war.

The Confederates tried to take it, but they had waited too late. A force of about 1,000 landed on Santa Rosa Island before dawn on October 9, 1861. After overrunning an encampment of the Sixth New York Volunteers, the Confederate forces were in turn routed by regulars from Fort Pickens after losing 18 dead, 39 wounded and 30 prisoners. Federal losses were 13 killed, 27 wounded and 22 missing.

There has been no fighting since at Pensacola. Fort Pickens is now a state park, visited by many thousands of tourists annually. The old Spanish fort, on the naval reservation, also draws many tourists. ★★



Mr. Credit

Honorary First Gentleman of Pensacola

JOHN M. DEXTER

Credit Manager, Pensacola Buggy Works
President, The Associated Retail Credit Managers of Pensacola

"WHEREAS this ancient city has been signally honored by your friendship, now, therefore, by virtue of the authority in me vested, I declare you, Max J. Heinberg, Honorary First Gentleman of Pensacola." With these words The Honorable Roy S. Philpot, Mayor of the City of Pensacola, presented a scroll to our beloved "Mr. Credit" at the monthly meeting on May 20, 1958.

The Associated Retail Credit Managers of Pensacola is a young organization and, like the vital city which it serves, its roots are deep and its future quite rosy. Its history has been woven into the tapestry of Mr. Heinberg's career.

Max J. Heinberg was born in Pensacola on June 19, 1879, the son of a

wholesale grocer. He was educated in our public schools and went on to train at the Bingham School in Asheville, North Carolina, and the Draughn School at Nashville, Tennessee.

After serving in the Spanish-American War as a regimental sergeant, he went with the American National Bank as assistant cashier. Mr. Heinberg went into the brokerage business several years before World War I and following the war he worked with the Pensacola Chamber of Commerce.

While with the Chamber of Commerce he started the first credit reporting agency in this city, The Credit Bureau of Pensacola, Inc., of which he is president, having been

so since 1926. This makes him a member of the Quarter Century Club of the National Retail Credit Association and as such a well-known and respected figure throughout the world of credit.

A past president of the Associated Credit Bureaus of Florida, he has given unstintingly of his time and energy to any worthwhile project in the field of credit. He has also been a faithful member of our civic organizations, having served as president of the local Kiwanis and as exalted ruler of the Elks.

Under Mr. Heinberg's guidance the Associated Retail Credit Managers was organized in 1938. Almon Payne, credit manager of Sherrill Oil Company, was our first president. The association was disbanded during World War II, but was reorganized in 1949 by Mr. Heinberg and John E. Hastings. Mr. Hastings was president for two years and is now president of the Florida National Bank.

Through the years since that time the association has pushed the creation of the Small Claims Court, the Worthless Check Act and legislation tending to enforce respect for the rights of the merchants of Florida.

Great emphasis has been placed on credit education through newspaper and radio advertising as proposed by the national association. The courses sponsored by the national association on credit and public relations have been presented with success as well as programs for the public schools of Escambia County.

A Credit Women's Breakfast Club is being organized and will be a reality in the near future. The creation of this organization will give the enthusiastic ladies of the association further opportunity to develop their usefulness to our community. Verla Cates, vice president of the Credit Bureau of Pensacola, Inc., is an outstanding example of dedication to the cause of credit. In the year 1956 the association gave an honorary life membership to Mrs.



MAYOR Roy S. Philpot, left, presents a plaque to Max J. Heinberg designating him as a "primero caballero" of Pensacola in recognition of his many years of devotion to credit service. The plaque, commemorative of Pensacola's early days as a capital of Spanish Florida, is usually reserved for distinguished visitors to the city.



The Oldest Credit Bureau In Northwest Florida

VERLA L. CATES

**Vice President, The Credit Bureau of Pensacola
Pensacola, Florida**

IN NOVEMBER 1926, three of the leading merchants of Pensacola grasped the idea that a much-needed service could be rendered through the formation of an organization that could protect their stores from the disastrous consequences of piles of unpaid accounts. This idea was tossed about during lunch time, over the coffee cups, whenever these merchants met discussing their problem. Facing this need in reality, these men interested Max J. Heinberg in forming a credit bureau. This was the city's first venture of this nature.

Operations Began in 1927

With ledger records from ten merchants, the bureau, known then as the Merchants Credit Bureau, began operation on January 2, 1927. For several years the bureau suffered with slow growing pains, plugging away hoping that one day the income would finally catch up with outgo. In 1933 the business was incorporated, with Max J. Heinberg as president.

The depression during these years presented additional problems to this organization. Difficulties were many, but the merchants began to show interest, and, after a long educational process, one by one began to support the bureau. Then came World War II, wanting desperately to keep the bureau operating, the staff supplemented its income by public stenographic work, mimeographing, typing, etc.

In 1945, in cooperation with the national movement to standardize the names of credit bureaus, the name was changed from Merchants Credit Bureau, Inc., to The Credit Bureau of Pensacola, Inc.

The year 1948 found the bureau occupying 300 square feet of office space. Little did we think that in the next ten years this small space would be replaced by a 1,632 square feet requirement. Sales, too, grew in these ten years, by a healthy 525 per cent.

Over the financial hump we found success, and along with us a vast number of new and varied problems to replace the "mastered" ones; educating credit men in the proper use of the bureau services, selling all the potential subscribers on the values of these services, and, of course, keeping up with the latest equipment and methods in order to continue serving in the maximum capacity.

Association Assistance

As employees grew in number, so did the problems of management. ACBoFA has done much toward helping us solve many of our problems, through MANAGEMENT MONTHLY, through seminars, correspondence courses and institutes. The National Retail Credit Association has also been helpful, particularly in the field of educating the merchant.

The year 1955 came and went, leaving us with a Collection Service Division, comprised of one em-

ployee. Today this division is the largest agency in Northwest Florida, and still growing, serving the bulk of the local merchants and professional men and of course other collection offices throughout America. Identified within the Bureau is every type of business granting consumer credit and, to better serve all groups in addition to credit reporting there is maintained: Collection Department, Medical Credit Division, Building Material Dealers Division, Butane Gas Dealers Exchange, Furniture Dealers Exchange.

32 Years of Growth

The bureau takes great pride in the community service that is offered in cultivating good will and the education of the consumer by providing time for interviews of these newcomers or the individual who has financial questions, wanting to discuss the problem of how to improve his credit record.

The officers of the Credit Bureau of Pensacola would not want this article completed without paying due recognition to their loyal employees of two, five, ten, and fifteen years of service. Neither would this be complete without saying that we are grateful for the leadership and cooperation given us by the Associated Credit Bureaus of America and our own State Association.

Behind us lies 32 years of growth; good times and bad—ahead, more of the same, we believe. ★★★

Avie Hatton, a charter member of the association and a hard worker in its development.

The Pensacola association could give an award to Mr. Heinberg for his interest and energetic participation the entire period of its existence. However, in the gracious manner so characteristic of Mr. Heinberg, he created The Heinberg Award in 1956. This award is a silver tray inscribed with a suitable acknowledgement and the name of the member who has served the

field of credit in the most outstanding manner in that year.

A committee within the association selects the worthy member and the presentation of this honor by Mr. Heinberg is the high point of the December meeting each year. Almon Payne was the first member to receive this honor and in 1957 it was presented to Phil Maher, a past president and credit manager of Gulf Power Company. This award is our "Oscar" and the recipient is justly proud of it.

Mr. Heinberg is not only a very shrewd businessman and an able executive with a fine personality but he is also a violinist with that quality of sensitive charm which marks the finer-grained man. Through the violin he can express his great love of humanity.

The philosophy which has dominated Max J. Heinberg's career and which his life bespeaks most eloquently is that through loving God and striving to imitate Him, man must also love his fellow man. ★★★



Consumer Credit in Pensacola

JAMES C. ROBINSON, JR.

**Vice President, The Florida National Bank at Pensacola
Pensacola, Florida**

SINCE CONSUMER CREDIT is dependent on the demand for durable goods and services, I should like to acquaint the readers with our local economy and its effect on this demand. The amount of money generated by industry and business is considered a prime requisite to the economic stability of any community. Industry, operating at full capacity and with full employment, certainly has its impact on available money at be spent on consumer goods. To this end we have been blessed immensely. Our business leaders through the Chamber of Commerce and other civic organizations have led the way in inducing industry to locate in Pensacola. As a result we have companies such as:

The Chemstrand Corporation, a subsidiary of Monsanto Chemical and American Viscose Companies, is the world's largest producer of nylon. Representing a capital investment of approximately \$150 million, this wholly integrated plant, the only one of its kind in the world, employs about 5,500 employees.

Escambia Chemical Corporation, a petrochemical plant that produces commercial fertilizers, presently employs about 250 people and has an annual payroll of over one million dollars. The parent company is in the process of building an adjoining plant to manufacture other chemicals and this new plant's operation and size will be comparable to the present one.

Pensacola Naval Air Station (The Annapolis of Naval Air) and its six auxiliary fields employ approximately 17,000 Civil Service workers

together with its assigned military personnel.

Eglin Air Force Base located just 35 miles east of Pensacola is one of the largest of the Research and Test Centers in the United States. Currently the government is conducting experiments in guided missile research there. Their payrolls are spent to a large degree in Pensacola since it is the central trading area in northwest Florida.

Columbia National Corporation is building a \$25 million refining plant here and has contracts to produce zirconium for the Atomic Energy Commission.

American Cyanamid is nearing completion a \$27 million acrylic fibre plant on a 2,000 acre site near Pensacola and by the end of 1958 it will be in full operation.

Heyden-Newport operates a large plant here in the manufacturing of various turpentine products. This plant operates 24 hours a day.

Armstrong Cork has one of its plants located adjacent to Heyden-Newport Industries and manufactures fiberboard building and insulating materials from various waste products obtained from Heyden-Newport.

These companies mentioned and various other private industries provide payrolls in excess of \$160 million annually. Equally important is the diversification offered. With one exception the nature of their business is not dependent on each other and, therefore, a reduction in employment or cutback in production of one company could be partially absorbed by the others.

Our area abounds with an ample supply of skilled and semi-skilled workers of proven ability and loyalty. I do not mean to imply that we have an abundance of "cheap" labor but rather that due to mechanization in agriculture a greater labor supply is available. These people are accustomed to hard work and are determined to give an honest day's work for a fair day's pay. Inducements such as these attract industry and enables industry to provide career employment for those who seek it. As a result of this, labor turnover averages from a low of .5 per cent to a high of 7.5 per cent with a mean average of 4.0 per cent.

The transition of industry to the South is truly evident in Pensacola and we are grateful; grateful because this industry has provided us with a more stable economy, a greater demand for goods and services and that due to its diversification we can approach the future with continued confidence.

I do not mean to appear to be overly optimistic for there are headaches in the credit field and we have experienced and are continuing to experience our share of pitfalls.

At this time, automobile sales volume is down with finance company repossessions equal to or greater than last year. This is true in spite of requiring larger down payments and shorter terms. Terms on automobile financing generally are from a maximum of 24 months on new and one year old automobiles to a maximum of 12 months on two to five year old models. Occasionally some finance companies will go to 30 months on new automobile financing. Interest rates range from a low of 4½ per cent through the bank to 12 per cent through finance companies.

Motorboat financing has held up well since boating is a major recreational activity in this area. Terms vary from 10-33⅓ per cent down with a maximum of 24 months to repay.

Department store sales have continued strong and our experience reveals that collections in ratio to sales and accounts receivable are

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slightly better than the national average.

There has been a steady ever increasing demand for home improvement loans which is indicative of a stable and increasing economy generated by increasing growth of population.

Such credit problems as have arisen can be attributed to over-extension of credit to the consumer. Our credit managers, in their monthly meetings, discuss this and related problems and as a result a closer harmony in the exchange of credit information has emerged. The local Credit Bureau has worked in close cooperation endeavoring to provide faster service and more up-to-date credit information. Due to this cooperative effort, greater emphasis is now being placed on the consumer's employment and length of service. Also, the applicant's length of residency is being given more consideration.

Of tremendous importance to our local consumer credit field is a recent innovation by the largest bank in our city. It is a co-ordinated, consumer, merchant, bank charge plan. The merchant obtains immediate cash for all sales and yet the consumer is given credit as he desires. Basically, it works like this:

Merchants become members of the plan by signing a "Fair Trade Agreement" to assure both the bank and the customers that exchanges or returns will be made without dispute. Customers of the merchant apply through the merchant or at the bank for use of the charge account service. The customer's credit is thoroughly checked by the bank and if approved, he is issued a charge account identification card. With this card, the customer may make charge purchases at any retail outlet which is a member of the plan. All member merchants submit their sales tickets daily to the bank and their deposit accounts are credited for the amounts of these tickets. The customer is billed once a month for charges made at member stores and receives one bill instead of many even though purchases were made from numerous stores. As a further convenience, the consumer has only one small monthly payment to make rather than minimum payments to many creditors. This procedure provides the consumer with the means to perpetually consolidate his debts and better budget his time and money.

Even though the above plan is in its infancy, it will, based on present growth, surpass a million dollars in

volume of business during the first year. In addition to this, it will put the small merchant on a competitive basis with the large department stores. He will obtain immediate cash for his sales, have no credit losses as the bank accepts these sales without recourse, have no bookkeeping and credit investigation expense in connection with these sales and should benefit by increased sales, thereby increasing his profits.

One may wonder if we are not aware of the recession that has been so evident in the United States during 1958? Don't we know that unemployment is reaching an alarming stage? Yes, we are cognizant of these factors influencing man's demand for credit and his ability to repay. These cyclical changes in our economy have been prevalent since the turn of the century, but I should like to point out that the success of our larger and established department stores and sales finance companies is mute evidence that through prudence, forethought and sound credit policies economic storms can be weathered. We in Pensacola are facing the future with this thought in mind and with the full realization that consumer credit is basic to the American way of life. ★★★

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SECURITIES CREDIT CORP. of Denver, Colorado, ordered 14 copies.
MERCHANTS ACCEPTANCE CORP. of Worcester, Mass., has ordered 21 copies.

MILLER MANAGEMENT CO. of Nashville, Tenn., ordered 160 copies. Recently they ordered an additional 84 copies. They write: "Many thousands of dollars' worth of skip accounts have been located through the direct result of your book."

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Credit and Collection Procedure In the Pensacola Area

P. A. PAYNE

Credit Manager, Sherrill Oil Company, Pensacola, Florida



TO UNDERSTAND our credit and collection problem one must understand some of Pensacola's history and background. Pensacola and St. Augustine, Florida, both lay claim to being the oldest cities in the United States; Pensacola was founded in 1559 by Captain-General Don Tristan de Luna and next year will observe its 400th anniversary in connection with its annual Fiesta of Five Flags.

Early Economic Life

Pensacola's early economic life was built around its harbor and shipping to all ports of the world aside from the leisurely life of the South so readily identified with magnolias and mint juleps. The credit and paying habits of its people were literally in terms of when "my ship comes in." In those days "credit was a sacred trust" of its people and payment of an account oftentimes depended on the returns of a shipment from Hamburg, Belfast, Antwerp or Genoa of its many products—cotton, rosin, turpentine, stones, timber and lumber. This feeling not only was passed on from generation to generation, but to the newcomers, who found such a wholesome and healthy environment quite easily adaptable.

Pensacola's early history was also identified with the military life of the nation. The importance of this port was such that there were always large detachments of soldiers or naval personnel—a navy yard was established here soon after the

United States acquired Florida from Spain in 1821. In 1913, after a naval selection board had studied weather conditions throughout the nation, the Navy's first flying school was established at Pensacola. Today it is the headquarters of the Naval Air Training Command, with many nearby auxiliary stations and subordinate installation in various parts of the nation, and Pensacola is known as the "Cradle of Naval Aviation." Our nearby Air Force Base at Eglin Field near Crestview, Florida, is of equal importance to the Air Force with its climatic hangar and proving grounds where thousands of military personnel have been trained. These facts, together with the payrolls of the civilian personnel of these fine establishments, have created in this area a satisfactory and dependable income and a strong economic position.

Collection Problems

Needless to say the Pensacola area is not without its collection problems and by comparison has perhaps a larger past-due percentage figure than many other sections of our nation, but on the question of charge off to profit and loss, a survey among both local merchants and the large national organization's operations in the Pensacola area shows a favorable position. This more or less conflicting picture of an overall accepted fact that losses are in direct relation to amount carried past due has its answer in the atti-

tude, practices and policies of the credit granting peoples of this southern city and its trade area.

(1) The traditional faith of its people in the honesty of its fellowman—that payment would be made when his "ship comes in."

(2) Florida laws, generally speaking, have for years been in favor of the debtor. Although, through merchants, and credit organizations, much has been done in recent years to improve this, it still in many ways favors the debtor as against the creditor.

(3) The military personnel, Army, Navy and Air Force, contrary to the belief of many, are on limited (though regular) income. At time of transfer, which comes regularly every two or three years, the cost of their moving places a burden on them which creditors usually understand and go along with by carrying the account until they receive their government transportation allowance; when their past-due accounts are then paid. A serviceman may return to Pensacola three or four times during his 20 to 30 years, often returning to make his home here upon retirement. Many of our admirals of today saw service here during their early days of military life.

Understanding Problems

With faith in mankind and for the above reasons credit granters of the Pensacola area have learned and continue even in this fast-growing section to deal with each customer as an individual—a name—and not an account number—to consider the moral value and not the statistical value—to understand the problems of a past-due debtor and, if at all possible, work with him in the protection of his good name in the credit world and to retain him as a good buying customer. Even in the cases of transfer of service personnel to other bases their return to Pensacola may mean a renewed account.

The credit-collection procedures in Pensacola area have been helped and fortified in many ways. The present credit granting fraternity is grateful to its members, both past and present, and to the many others

Consumer Credit for August

THE DECLINE in consumer instalment credit was halted in August as outstanding balances increased slightly after allowance for seasonal factors. Extensions of instalment credit rose for the second consecutive month to \$3,431 million, about \$150 million below the peak rate during the last half of 1957. Repayments continued at a rate of about \$3,400 million a month. Automobile paper outstanding continued to decline in August. The decline was more than offset by increases in all other types of instalment credit. Other consumer goods paper rose \$67 million after showing little net change during the earlier months of the year. All types of noninstalment credit increased after allowance for seasonal factors. Total noninstalment credit rose \$116 million, bringing the increase in total consumer credit to \$146 million.—Federal Reserve Board.

who have worked with it so as to enable us to accomplish for our respective firms the goals set out for the credit man, namely:

(a) To serve as an additional tool to build more sales.

(b) To keep percentage of current receivables as high as possible.

(c) To carry only a reasonable past due in keeping with times and conditions.

(d) To maintain a low percentage of charge offs over a given time. First to be recognized in this respect is The Credit Bureau of Pensacola, local affiliate of Associated Credit Bureaus of America. The Credit Bureau was organized in 1926 by Max J. Heinberg, Sr. upon the request of the leading merchants of Pensacola. In the more than 30 years since, the bureau has expanded its operation and today offers complete reporting and collection services. Through these comprehensive services, Pensacola merchants, bankers and professional men have found a safe basis for expanding credit activity in this area.

Organized in 1931

The credit granters of Greater Pensacola first organized in 1931, known as Associated Credit Managers of Pensacola. Although small in number, it has been active in the field of credit and credit education. On two occasions, courses in Retail Credit Fundamentals sponsored by the National Retail Credit Association were given in connection with Escambia County Vocational School. The same course was later sponsored by the credit granters of Pensacola and given by Sterling Speake of the University of Texas in connection with National Retail Credit Association. The credit granters of Greater Pensacola also sponsored a course in Public Relations by S. H. Womack of N.R.C.A.

The local organization was also instrumental in having legislation passed establishing a small claims court for the handling of accounts under \$300.00 and was successful, together with the Retail Merchants Associations of Florida, in having legislation passed strengthening our Florida Bad Check Law.

The association has for a number

of years encouraged prompt paying of accounts with a continued advertising campaign at an expense of over \$1,000 per year. Members have appeared and have taken part in television and radio programs during National Credit Week, and through the purchase of the N.R.C.A. film, "The Good Things of Life on Credit," have been successful in getting the credit story over to senior high school students and others in civic clubs and organizations. The showing of the film to such groups and over television stations has helped to shape the credit collection procedure in the Pensacola area.

Employee's Accounts

Not to be overlooked in the credit collection procedure in the Pensacola area is the cooperation given by the many large firms and industries in the handling of accounts of their employees when such measures cannot be avoided. This is especially true in connection with service and civilian personnel of the Armed Forces, both on a local level as well as in the cases of transfer, and in making satisfactory arrangements for past-due indebtedness. Our government is to be commended in the position it takes regarding the payment of a just debt by its personnel, both military and civil. Our Armed Forces require a high standard of moral values, and what goes to make up these moral values more than the payment of a just debt? Man's trust in man is an honor to uphold. By being free from past-due or over-burdening debt it is recognized that better performance both in civilian and military work can be expected. We acknowledge with appreciation the position taken by national and local leaders in both civilian and service positions.

You can see that our credit-collection procedure in the Pensacola area is one handed down by our forefathers based on "Man's Trust in Man." With the fortunate position of being in an area blessed with a steady and continued economic position we desire to maintain a debit-credit relationship on a personal and individual basis rather than treat an account as if a mere number or statistic. With the safeguards of a dependable credit bureau and its active collection department, with an active credit granters association of Pensacola sponsoring its advertising program of educating the credit customer, and with the cooperation of the many in high places in our government, national and local, the desired objective is being generally achieved. ★★★

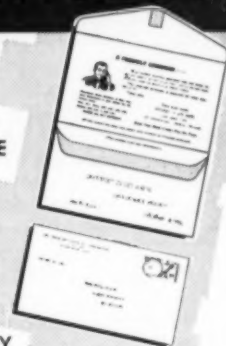
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Credit Sales Promotion

CHARLES HIERS

*Advertising Manager, White's Furniture and Appliance Company
Pensacola, Florida*

THE CONTROL exercised by the manager of credit sales in handling authorization, bookkeeping and special problems has a dual purpose. Often "controlling the account" is interpreted as meaning simply the protection of the store from maltreatment of an account by a customer. True, this is one of the primary concerns of an efficient credit sales manager, but, to be concerned only with this aspect of credit control is to ignore one of the strongest forces of perpetuation available to any business: credit sales promotion.

The average retailer doing a large credit business usually gives considerable thought and effort to the problem of securing new accounts. At first glance, growth seems to demand this expansion of accounts, but too often we overlook the fact that the best source of additional sales volume (the ulterior objective), lies in cultivating the customers who are already on the books. The ability and willingness of these customers to pay is definitely known by the manager of credit sales, whereas the paying habits of prospective new customers, who may have been reported as satisfactory to the bureau by other stores, may not measure up to the standards maintained in his store.

The cost of putting a charge or installment account on the books naturally varies from store to store, but it is obvious that the accounts on a store's books represent an investment and should be regarded as a valuable asset. To give a graphic example: The cost of acquisition is \$10.00 per account for a particular store having 15,000 accounts. This store has made an investment of

\$150,000. It is natural that it should give a great deal of attention to methods of reviving inactive accounts and of promoting full use of active accounts in order to make use of its investment.

You, as a retailer, can get some idea of the advantages found in following up inactive accounts and stimulating more business from active customers by calculating what the average credit customer is worth to your store. This may be done by dividing the annual sales volume of charge customers by the number of accounts in your books.

It is a well-known fact that the major portion of a store's annual sales volume is contributed by old customers already on the books—this proportion may run as high as 85 to 90 per cent. Judging by these figures it is easy to see the desirability of getting back accounts which have become inactive and stimulating active accounts to buying in larger volume.

Cultivating our customers' buying appetite poses a few questions for us. What has the customer been buying? Can his interest be provoked in some other department? When does he buy? Why does he buy? Can the amount of his buying be increased without overtaxing his ability to pay? These questions can be effectively answered from the information already compiled in his account.

After analyzing the customer's account, methods of increasing his merchandise consumption and of bringing him in contact with new departments must be devised. Direct mail advertising is the usual answer

to these problems. This means of contact is an excellent opportunity for the "personal-like" invitations to sales and special events taking place in certain departments.

Most important of all is keeping the customers' "credit health" in condition. This means that prompt payment according to set terms must be maintained. If necessary, credit must be restricted or suspended until past-due accounts are brought to terms.

There are times when a credit granter persists in allowing further charge purchases on accounts which are already past due. This is done with the mistaken idea of getting more business out of present customers. Any increase in business, however, is only temporary and in the long run, the most profitable business is obtained by enforcing the payment policies of the store. The paid-up customer is the greatest new business potential.

Methods most commonly used in stimulating added business from present customers are direct mail advertising, personal contact and the telephone. After deciding on the means of contact, the credit manager should then carefully select those customers who are most able to respond rather than scatter his efforts among all his accounts.

By concentrating on those customers able to buy, the credit manager is cultivating those customers who, by their past record, have shown that they are heavy buyers and have large incomes. These customers would be excellent prospects in the promotion of certain high priced merchandise. Sales promotion directed towards other customers who have small incomes and have bought small amounts in the past would be wasted.

A specific appeal should be made in credit sales promotion. Advertising which simply begs patronage, or which merely talks about great values, big sales or terrific bargains, wastes its primary motive—to inform the prospective customer of a specific personal advantage available.

Do not overlook the telephone as a means of informing the customer

Department Store Credit for August

INSTALMENT ACCOUNTS outstanding at department stores declined 1 per cent during August but at the month-end were 1 per cent above a year ago. Collections on these accounts in August were 15 per cent of first-of-month balances, 1 point above a month ago. Charge account receivables 2 per cent during August, and were 2 per cent above a year ago. Collections amounted to 47 per cent of first-of-month balances. Total sales at reporting department stores were 16 per cent above the previous month, reflecting increases in both cash and credit sales. Compared with August, 1957 total sales were down 3 per cent.—Federal Reserve Board.

of unusual items and events. This means of contact is excellent for both active and inactive accounts. It has also been found that simply displaying the store's telephone number on stationery and other advertising material used, results in considerable increase in sales as compared with advertisements which do not feature the number. The telephone also can be put to advantageous use by personal calls on the part of credit department personnel as well as individual salesmen of the various departments.

The term "inactive account customer" is often incorrect. The fact that the customer is not buying at the store all too often means he is simply buying somewhere else. This could very well progress (or more correctly, regress) into permanently lost customer.

To stimulate new and increased patronage from a customer whose account has become inactive, requires tenacious tactics. Efforts cannot be allowed to become irregular and "spotty." After the initial contact has been made, a quick follow-up should be executed. The appeal in the follow-up should be compelling and carry a personal interest message for the customer. Specific reasons for buying should be given.

Usually, when making reference to the customer's inactive account, it is better first to make the "sales pitch," announce any coming events or particularly attractive buys, before mentioning the subject of inactivity. Sending out too many letters which bring up the matter of inactivity will tend to annoy the customer.

Up to now we have been concerned primarily with old customers, active and inactive, already on the books. Even though we have pointed out the advantages of securing added business from active accounts and new business from inactive accounts we should not overlook the necessity of securing new accounts. During an average year a retailer may have a turnover in his credit customers from 10 to 30 per cent and more, depending on type and size of business and geographic location. That is to say, a store could lose from 10 to 30 per cent of its accounts within a year due to death, trading elsewhere, moving, etc. This continuous flux of charge and deferred payment accounts brings fresh life into, or drains off, the purchasing existence of a retail business.

The real problem to be confronted is not just to obtain new business, but to obtain profitable new business.

Since we have already established the fact that there is considerable cost involved when entering new accounts on the books, it is easy to see the importance of being selective. It would be foolish to establish an account for a customer known to make small and infrequent purchases. There is such a thing as undesirable credit business.

Not always, but often, the average retailer overly concerned with volume business cheats himself of gross profits because of his too-eager willingness to grant the credit privilege—and it is a privilege. There comes a time when he gets business that is too small, too infrequent or too slow paying. In such a case, the very volume defeats his original purpose.

The American way of life has created for us the highest standard of living ever known by any nation. This "way of life" was developed by our system of economic progression, which in turn is nurtured by the hundreds of thousands of credit departments honeycombing our entire economic structure. The dynamic sustaining force responsible for breathing new life into retail business is the well organized credit department and its continuing credit sales promotion. ★★★

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The Navy's Role in Pensacola

LEO COUGHLIN

JO2, United States Navy, Pensacola, Florida

THE LARGEST single employer in Pensacola, Florida, is the Navy. Located in Pensacola is the Naval Air Basic Training Command and the headquarters of the Naval Air Training Command, the Navy's largest shore-based command.

The Navy's payroll, to both civilians and military personnel, is almost equal to the payrolls of all the other industries in Pensacola combined. Each month, Navy expenditures total up to and more than seven million dollars. Over a year, Navy expenditures total about \$70 million.

The business of the Navy in Pensacola is training pilots of the fleet. Every year, 2,500 future naval aviators are trained in the Naval Air Basic Training Command.

To support the work of the basic training command and to maintain the other functions performed by the Navy in Pensacola, 20,000 people, civilians and military, are employed. Aboard the Naval Air Station and included in the Naval Air Basic Training are many commands and facilities.

The Naval Air Basic Training Command includes the Naval Air Station at Pensacola and five outlying fields: Barin Field, Foley, Ala., Corry Field, Saufley Field, Ellyson Field, all near Pensacola, and Whiting Field, Milton, Fla. From the Basic Training Command here, aviators go on to advanced training in Corpus Christi and then to the fleet, manning the Navy's air arm.

In addition to the Naval Air Basic Training Command, headquarters for the Naval Air Training Command is located at the naval air station, which is about nine miles from downtown Pensacola, at the entrance to Pensacola Bay.

The U. S. Naval School of Pre-Flight is also located aboard the naval air station. This is the initial entry point for the Navy's future aviators. During 16 weeks in the School of Pre-Flight, the student's training consists of academic subjects, military subjects and physical fitness.

From Pre-Flight, students go to Saufley Field, about six miles northwest of the city, and have contact

with an airplane for the first time in their naval careers. At Saufley Field, the T-34 "Mentor," built by Beechcraft, is flown. Training at Saufley takes about eight weeks.

At Saufley Field, as at the other outlying fields of the Naval Air Basic Training Command and the Naval Air Station (Mainside), there are recreational facilities—enlisted men's club, chief petty officer's club, officer's club, barber shops, laundry, library and Navy Exchange store.

After primary training at Saufley Field, student flyers move to Whiting Field in Milton, Fla. (about 30 miles east of Pensacola), and here they make the transition from the T-34 to the much larger T-28.

The T-28, equal performance-wise to any propellor driven aircraft used during World War II, is flown by the student as he learns formation flying, tactics, night flying and instrument flying.

Training time at Whiting takes about 18 weeks. After this intensive course of instruction, students are thoroughly familiar with the T-28 and move on to Barin Field for the

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final phase of their basic training.

Barin Field, located in Foley, Alabama, about 25 miles west of Pensacola, is where the fledgling flyers learn gunnery and finally qualify on the training command's aircraft carrier in the nearby Gulf of Mexico.

Field Carrier Landings

Before actually qualifying on the carrier, students practice their landings on the field at Barin. This exercise, known as field carrier landing practice, familiarizes the students with the limitations encountered in carrier landings and also familiarizes them with the landing signal officer, the man with the colored paddles aboard the carrier, who directs each pilot in landing.

Ellyson Field, located northeast of the city, is the Navy's only helicopter training base. Under the administrative control of the Chief of Naval Air Basic Training, it is actually an advanced training base, for students here must first undergo basic flight training before training for helicopter flying at Ellyson. Incidentally, it is named after naval aviator number one—Theodore Ellyson.

Under the Naval Air Training Command, which is headed by a Vice-Admiral, is the Naval Air Basic Training Command, Naval Air Advanced Training Command, Naval Air Technical Training Command, Naval Air Reserve Training Command, and Marine Air Reserve Training Command. Each of these commands is headed by a Rear Admiral and in the case of the Marine Air Reserve Training Command, a brigadier general. Under each of these are numerous subordinate commands.

Trained and Ready Reserve

Elements of the Naval Air Training Command are found throughout the United States. It is charged with training naval aviators, training skilled technical personnel and maintaining a trained and ready reserve.

The Blue Angels, the Navy's famed precision flight demonstration team, is based at Sherman Field, aboard the naval air station. Between making appearances throughout the country to countless thousands, the Blue Angels can often be seen zooming through the Pensacola sky in their supersonic, F11F "Tiger" jets.

Also located aboard the naval air station is the U. S. Naval Aviation Medical Center. This command, headed by a senior captain in the Medical Corps, includes the U. S.

Naval Hospital, the U. S. Naval School of Aviation Medicine, and the dispensaries and clinics throughout the command.

The hospital, a 600 bed facility located on a hill overlooking Pensacola Bay and the Gulf of Mexico, was one of the first naval hospitals established. It dated from early in the 19th century. With a full staff of doctors, nurses and trained specialists, it is equipped to handle routine hospital cases and emergency medical problems.

Psychological Tests

The School of Aviation Medicine, training headquarters for Navy flight surgeons, conducts an extensive research into the medical and psychological effects of flight on naval aviators. Psychological tests for prospective naval aviators are also formulated here.

The Overhaul and Repair Department, Supply Department and Public Works Department employ the bulk of civilians. However, civilians are employed in other departments throughout the command.

The Overhaul and Repair Departments, located mainly at the naval air station, handle airplanes in the training command—the T-34, and the T-28; planes from the fleet—the SNB Beechcraft, the Grumman S2F anti-submarine aircraft, and various jet planes.

In the O & R shops, complete overhaul and repair work is done. Parts are replaced and the planes are completely serviced, ready for duty again.

Supply Department

The Supply Department keeps all elements throughout the command stocked with everything from aircraft engines to paper clips. Many civilians, as well as naval personnel, work here.

Without the Navy Pensacola would suffer a serious economic crisis. Civilians employed by the Navy all live in or near Pensacola; Navy men who are married do much of their spending in Pensacola for appliances, clothes, and home products, and all use the entertainment facilities of Pensacola in their off-duty hours. ★★★

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Local Association Programs

WIMBERLEY C. GOODMAN

*Vice President, Reynolds-Penland Company, Dallas, Texas
Past President, National Retail Credit Association*

I WOULD LIKE to express my hearty congratulations to those of you who conceived the idea and have had a part in the planning and production of such an instructive and valuable educational meeting, and I also express my personal appreciation for the privilege of participating in it.

I recall a similar meeting last year at Miami Beach and the wholehearted endorsement and reaction of our people, and I sincerely believe it to be one of the most constructive and helpful meetings we have initiated during the past several years. It is my personal hope that the information, plans and ideas developed here today can be assembled into written form and placed in the hands of our people with all dispatch. The thoughts and ideas accumulated today will be new and fresh and carry with them enough enthusiasm to make them useable and valuable if we can have the advantage of them at an early date.

I have been assigned a period of ten minutes in which to talk about programs of local associations.

In some of the later publicity, I noted a change in the title and that my subject was to be "How to develop programs." I am certain "How to develop programs" is intended as the objective of this portion of our meeting, therefore, I shall attempt to stay with the first suggestion, being confident that how to develop programs will be fully analyzed and developed by the folks at the tables.

The programs for our local associations weekly, semi-monthly or monthly meetings are important, for upon them hinge the attendance and the ultimate success of the association as an informative or teaching association where men and women can learn things about their job or their profession.

AT THE 44th Annual International Consumer Credit Conference at Los Angeles, California, in July, 1958, a special session was devoted to the problems of local meetings. This session was well attended by delegates from all N.R.C.A., and ACBoA and C.W.B.C. districts. The purpose of the meeting was to explore methods and procedures leading to more effective local meetings.

A chairman guided the discussion at each table and a reporter recorded all conclusions and announced the best single idea the group developed. All ideas developed were assembled for publication in *The CREDIT WORLD*.

The general chairman of the session was David K. Blair, H. Liebes and Company, San Francisco, California. The three principal speakers were: Wimberley C. Goodman, Reynolds-Penland Company, Dallas, Texas, who spoke on "Programs"; John K. Althaus, The Credit Bureau, Washington, D. C., who spoke on "Attendance"; and Mrs. Jean Benedict, Credit Bureau of Greater Denver, Denver, Colorado, who spoke on "Cooperation." Mr. Goodman's talk appears on these pages and the addresses of Mr. Althaus and Mrs. Benedict will appear in subsequent issues of *The CREDIT WORLD*.—Ed.

In discussing the subject of programs for local associations, we should first mutually agree that the program of a local association meeting is the "meat of the coconut" and the heart of the meeting; the main attraction and the chief reason for our regular meetings. I do not discount the associations and friendships or the constructive and instructive contacts made with your fellows during weekly or monthly meetings of your association, and I certainly would be the last person to minimize the food angle, which to me is always pleasant and wonderful; yet in actuality, or one solid excuse for an association meeting of credit managers and credit department personnel is the program through which we can obtain information and knowledge on credit problems, methods, procedure and other countless ideas of value that can so easily accrue to us from an informal meeting with our fellow credit managers and credit department personnel.

Types of Programs

Assuming that we are agreed upon this point, let us now, for a few minutes, consider the type of program best suited and of the most value to those who attend our local associations. Here we run into a multitude of ideas and a great variety of programs now being given in our local associations throughout the land. Were they spread out before us they would probably be confusing and sometimes contradictory to our purposes. Remember there is a difference between a variety of programs and a varied program. Programs should never become bogged down with repetition or a sameness in subject matter or in method of presentation, neither should they be allowed to settle into a rut or fixed manner and method. They should sparkle and shine with a new approach no matter how commonplace the subject might be. Perhaps the proper approach to the objective of worthwhile programs should be through the aims and purposes of the local organizations which usually are fully set forth in a constitution and bylaws. For instance, in a pamphlet published by the National Retail Credit Association, we find the following suggested objectives:

1. To bring together all local retail credit granters into a local retail credit association, affiliated with, and part of, the National Retail Credit Association, for the following purposes:

2. Promotion by education of the prompt payment of accounts and the regard of all credit obligations as a sacred trust.

3. Institution of protective measures against the undesirable credit customer, the fraudulent check passer, and the excessive returner of merchandise.

4. Education in credit management by means of Credit Schools, and educational programs, designed to improve policies, methods, practices and procedures.

5. Initiation and promotion of legislation for the protection of retail credit granters.

6. Stimulation of cooperation for the betterment of general credit conditions and the wholehearted active

support of all local, state and national movements for the general welfare.

7. Cooperation with the Credit Bureau to the end that the Credit Bureau and other Credit Granters work together in harmony and understanding.

This suggested list of objectives seems to be a generally accepted and well defined aim and purpose for any local association and will be found in some form or arrangement or verbiage in every local association. You need only to consult your own bylaws to note the requirements of your own association. For instance, the aim and purpose of my association as stated in our bylaws reads:

Article II—Purpose and Objectives

This association is organized to foster trade and commerce; to reform abuses relative thereto; secure freedom from unjust and unlawful exactions; to settle differences between its members and to promote a more enlarged and friendly intercourse between the credit managers of Dallas and the Merchants Retail Credit Association.

If we accept this approach for the type of programs needed in our associations it follows that any program should first come within the scope of our objectives and that it should consist of credit problems, credit procedure, collection methods, credit sales promotion and many other subjects related, directly or indirectly, with the vast and important business of selling to the consumer on credit terms and our effort to keep the retail credit structure sound and durable. This is a wide field and we could between us enumerate for an hour the various subjects that could be included profitably in a local association program. We could likewise spend a great deal of time in elaborating on the types of programs not suited to a retail credit granters group.

Programs Pertain to Retail Credit

There are several important reasons why our programs should pertain in some manner to retail credit, chief among them being the boss, the store owner or the corporation for whom we work. They pay the expense of our membership and usually they also pay the incidental expense of meals and other items incurred in our attendance at the weekly meetings. Therefore, the employer is entitled to full value of his investment. His one means of receiving a return is through the education, enlightenment and improvement of your own outlook and abilities that react to his profit. To be fair with the boss programs should deal with problems concerning the employer and his business.

Another important reason for programs on credit problems should be our own personal desire for knowledge and understanding of our vocation. Thoughtful men and women have an inherent desire always to improve themselves and credit programs are a definite asset in our education and in our constant effort to keep abreast with the times. Economic conditions are constantly changing and credit programs are the best medium through which to keep alert to those changes.

Just for the record, let us for the moment enumerate some types of programs that would be classed as credit programs such as the Application, Analyzing Credit Report, Skip Tracing, Hot Checks, Collection Procedure, Credit Education, both management and consumer, Solicitation of Accounts, Solicitation of Inactive Accounts, Population Census of Your Area, Credit Policies, Types of Accounts, Legislation, and Credit Bureau Cooperation. Methods of various groups such as Medical, Home Service, Auto and Finance, etc., or any other type of program that could be related to

your job. It could be on the vexatious question of credit personnel, authorization, systems of authorizations, credit statistics, economic forecast, legal aspects, and on and on the list could continue.

Perhaps, we should mention some types of programs that do not belong to a local credit association meeting: such as, interior decorators color combinations, films or talks on sports, baseball, golf, auto races, talks on government, constitutional rights, supreme court, power and organization, except as related to retail credit or the economy of our nation. Talks on war, United Nations, city street plans, etc., and many others that most of us have heard about or experienced do not belong in a credit association meeting. Please do not get the idea that I am against a discussion of these most vital and timely subjects. On the contrary, some of them are not discussed enough, but it is my thought that a Retail Credit Association is not the proper forum for such. Our time is usually limited and our own credit problems can easily consume it!

Problems of Program Chairman

Of course we must not minimize the difficulty encountered by the Program Chairman or his Committee in furnishing a lively, interesting credit program each week. It becomes difficult and is very discouraging at times to those who are responsible for it, which is the basis for our discussion at the moment; yet, over the years, it has been my observation that programs dealing with credit in the final analysis are the tie that binds the association into an interesting working unit.

Programs can be made up of outside people brought before your credit meeting for a specific purpose, either as a speaker or to demonstrate with skit or chalkboard . . . or it can be your own local credit people. Again experience has taught us that our own people, if given an opportunity, and a little help by way of suggestions, can usually bring the most interesting programs to be had. We will not assume that the main program is all of the meeting, for, as before stated, a variety of two, three or four things added to your main program that can be transacted quickly adds zest and freshness to the meeting.

For instance, one local association in my State features three minute speakers selected from the membership. At each meeting some member is requested to tell about his own company within a period of three minutes. It is a little added feature that is interesting to all. That same association has a five minute report by a capable person on newsy, personal items, some of which are humorous, some serious but the net result is undivided attention for that five minutes. There are many other features other than the usual introductions and recognition that can be worked into a program if expertly handled, without losing time and without detracting from your main speaker or program, yet adding color and flavor to the entire session.

Entertainment Programs

In our discussion of local association programs and in our actual planning of programs, let us always remember the old saying that "All work and no play makes Jack a dull boy." That will hold true in our local credit association activities. It is necessary with us, as with all other organizations, that we have some time for fun. It is good for us to laugh together as well as to learn together, therefore, not only is it proper, but every association should, at least, once each quarter or more often, if necessary, have a program for the enjoyment or the amusement of the members. It will not

interfere with the aims and purposes of the association and it will stimulate and build enthusiasm and add spice and ginger to our meetings.

Let us remember:

1. The program is the heart of our meeting.
2. The program subject should be within the boundaries of our aims and objectives.
3. The program should be limited to the time set aside for it.
4. The program is the focal point of our association around which everything else revolves.

A SUMMARY of the conclusions developed on this subject at the session follows:

1. The one excuse for a meeting is on an educational basis.
 2. Concerning hospital and medical groups we feel that a separate group meeting for this type person is advisable, combined with the Retail Credit Association group.
 3. Have one meeting on type of programs wanted—take notes.
 4. Short talks by members introducing their firms. Also various credit subjects.
 5. Two-man debate, then turn discussion over to membership.
 6. Las Vegas night—36 subjects in wheel with 0 and 00. Subjects assigned to 38 people. Spin wheel and the number up talks for three minutes on subject given.
 7. "This Is Your Life" Program.
 8. Have speakers from companies talk on their business.
 9. Five meetings per year beginning with September and ending in May. Meeting every other month. Dinner meeting. A controlled panel discussion with representatives from various types of business; discussion on subjects closely related to credit procedures and problems.
 10. Meet every two weeks during nine months and once each month during summer. All members present present names of accounts in their files, bad accounts, over extended skips. Bureau also records information.
 11. Use telephone company film, Proper Use of Telephone Techniques; Human Relations.
 12. Debate promotes exchange of ideas of members who do not usually speak up. (Sales managers vs. credit managers.)
 13. Panels—audience participation. List of questions, choose those for discussion and others. Choose four-speakers, bank, grocers, various associations, then ask questions.
 14. Make audience feel they are part of the program.
 15. Retail Grocers Associations film, "Till Tapping."
 16. Bureau warning service—if bad check artists, bad risks.
 17. Sunshine Committee Report of humor, activities of members, birthdays and sickness. A few minutes are devoted to the reporting of Sunshine Report.
 18. Yearly program—problem created by suburban shopping centers in connection with credit reporting.
- Have the various bureaus and any particular suburban area around a local centralized city assemble at one of the meetings with the aim of developing cooperation among their agencies to supply more complete reporting.
19. Programs planned on a monthly basis, with four different programs each month divided as to panel, outside speaker, member speaker and a film or entertainment program.
 20. Program should be presented after each district, state and international meeting at which representatives of various group meetings would report the activities of their particular group to club members.
 21. Change of pace—do not use same speaker repeatedly.
 22. Mike Wallace type of show—interview and discussion.
 23. Have each member present his own problem for discussion.
 24. Have speakers on special problems on credit such as bankruptcy, wage earner plan.
 25. Have a refresher course on basic commercial law including bankruptcy, wage earner plan, etc. presented by panel. Study laws about to be considered by legislature and how they will affect credit.
 26. Discussion of skip tracing and new developments.
 27. Panel type meeting.
 28. Fun with work to draw greater attendance.
 29. Have prepared list of situations to discuss.
 30. Continue educational meetings.
 31. Have humorous skit.
 32. Take a poll of members, program desired, etc.
 33. Program chairman to seek advice of board and past program chairmen for counsel and suggestions.
 34. Try to set up program for the full year and publicize it at each monthly meeting or by a letter in advance.
 35. Skit presented by the local members.
 36. Social hour before meetings.
 37. Rotate your program chairmen so that you may get the opinion of the various credit granters.
 38. Question box. It would enable timid or bashful members to ask questions without appearing stupid.
 39. Program on personnel.
 40. Divide year into types of businesses—furniture, banks, etc.—one month per certain type; program well planned in advance.
 41. Speakers to cover current matters.
 42. Joint meeting with wholesalers once a year.
 43. Open meetings with slips passed out for questions to be discussed.
 44. Bring into programs legal matters.
 45. Any meeting where members participated such as round table discussions or panel programs seem to draw the attendance out and to stimulate more interest among the general membership of the clubs.
 46. Member participation in educational program as well as qualified speakers.
 47. Program mock handwriting expert to point out our faults as well as good points in individuals. ★★★

THE 45th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

STATLER HILTON HOTEL, DALLAS, TEXAS, JUNE 21-25, 1959

National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

A Plan That Reduces Bad Debts

An Analysis of Chapter XIII of the National Bankruptcy Act

BECAUSE of the growing interest shown by its members, the National Retail Credit Association made this study of Chapter XIII (Wage Earners' Plans) of the Bankruptcy Act.

Since its enactment in September 1938 as part of the Chandler Act, Chapter XIII has been used in the Northern District of Alabama to a greater extent than in any other district. Therefore, the survey was made at Birmingham, Alabama.

We wish to express our sincere thanks for the assistance and help given by the Associated Retail Credit Managers of Birmingham, attorneys, credit executives and the two Referees in Bankruptcy, Honorable Clarence W. Allgood and Honorable Herbert R. Maulitz, who handle Chapter XIII cases in Birmingham.

History of the Wage Earners' Plans Amendment

Wage earner amortization was first reflected in Section 75 of the Hastings-Michener bill (72nd Cong., 1st Sess.). The Hastings-Michener bill provision was necessarily vague as to terms, but a succession of bills thereafter introduced, all sponsored by the National Retail Credit Association and introduced in Congress through its efforts, represented each an improvement over the previous one so that Chapter XIII of the Chandler Act, while not perfect, has required few amendments. Provisions of the Chapter have proven flexible and readily adaptable to local conditions. Very few court reviews have been reported on decisions of Referees, which speaks well for the clearness and adaptability of the law as written.

Following introduction of the provision in the Hastings-Michener bill, came the Lewis bill of the 73rd Cong., H.R. 9227, and the successive Chandler bills of the 74th and 75th Congresses, namely, H.R. 6140, 74th Cong., 1st Sess., H.R. 11219, 74th Cong., 2nd Sess., and H.R. 1981, 75th Cong., 1st Sess. The latter bill, H.R. 1981, was revised by Messrs. Valentine J. Nesbit, Special Referee in Bankruptcy, Birmingham, Ala. and by R. Preston Shealey, Washington representative, National Retail Credit Association (both since deceased), and by them presented on behalf of the National Retail Credit Association at a hearing before the House Judiciary Committee on June 4, 1937, when that Committee was considering the general bankruptcy revision bill. Hearings on the subject of wage earner amortization were held before the House Judiciary Committee on March 11, 1936, February 19, 1937, June 4, 1937 and January 19, 1938, and at each of these hearings the National Retail Credit Association was represented and presented the facts in regard to wage earners' plans. The Association likewise enlisted public support for the measure through a nationwide campaign of education. As a result, when the general bankruptcy revision bill was approved June 22, 1938, Chapter XIII of that bill, devoted entirely to wage earner amortization, marked the fruition of years of untiring and devoted effort on the part of retail credit granters to enact into legislation an appropriate bankruptcy provision.

What It Does

Chapter XIII permits a wage earner, on a purely voluntary basis, out of future earnings, to adjust, or to arrange to pay in full, his debts to unsecured creditors generally and to secured creditors severally.

Any debtor whose gross income exceeds \$5,000 per year is not eligible to file a wage-earner petition under Chapter XIII. (Chapter XI provides for arrangements for persons in business, and provides for a composition or extension of unsecured debts only.) The National Retail Credit Association feels that the income limitation should be removed entirely.

The only type debts that cannot be included in this kind of settlement are debts secured by real property. In the Birmingham area the Wage Earner Court handles cases including such debts as back income taxes (state and federal), alimony, support of children and the like.

Office of the Referee

The Referee in Bankruptcy is appointed by the Judge or Judges of the United States District Court for the District in which the Referee is to serve.

His duties include handling of all types of bankruptcy cases in his district.

All Referees must be attorneys at law and all are on a salary fixed by the Judicial Conference of the United States.

Referees may be assigned to handle only Wage Earner cases as is done in the Northern District of Alabama covering the Birmingham area.

Office of the Trustee

In all ordinary or straight bankruptcy cases the law provides that a trustee may be elected by the creditors to receive and disburse any monies which may be a part of the estate.

However, the Supreme Court of the United States has provided that in Chapter XIII (wage earner) cases *only*, a standing trustee may be appointed by the Referee to handle these cases.

The trustee may be any competent citizen who resides in, or has an office in, the district, and may be, for example, an accountant, attorney, or the secretary of a local credit bureau.

In the Birmingham area the person acting as trustee is called the "Supervisor-trustee," so as not to confuse him with the usual Trustee in Bankruptcy. He and his staff are paid on a salary basis from funds accumulated from fees and a percentage of the monies passing through the trustee's hands. Under this arrangement in the Birmingham area the court has been able to materially reduce the cost in wage earner cases.

Another advantage of the standing trustee is that creditors have only the one person ("Supervisor-trustee" in Birmingham) to deal with in checking claims and making payments.

Method of Filing by the Debtor

While it is possible for an individual to prepare and file his or her own petition in the office of the Clerk of

the United States District Court, most often an attorney is consulted. Many cases originate with the Wage Earner finding himself in financial difficulties, consulting a credit manager or his personnel director, who advises him to consult an attorney on filing a debtor petition if no other feasible plan can be worked out to enable him to straighten out his affairs.

Should the attorney decide that a Debtor petition is in order he will do the following:

1. Prepare a list of all of his debts, creditors' names and nature of the debts

2. Will discuss with the debtor his ability to pay his accumulated bills over a period of time. This will involve a number of things such as

- (a) House or rent payment
- (b) Salary of both wife and husband
- (c) Number of dependents, ages and state of health
- (d) Employment, whether seasonal and if car is needed for transportation to and from work
- (e) Future prospects of employment and possible salary increases or decreases

The attorney will then discuss with his client the formulation of a plan for payment. He will try to have the debtor pay the largest amount possible, yet maintain his family and needs on a current basis while liquidating his debts.

After his discussion with his client, the attorney will prepare a Debtor's petition to be filed with the clerk of the court. This will contain the information required such as name, address, employment, schedule of property owned, schedule of creditors and the amounts and character of the debts due to them. If the debtor is unable to pay the filing fees in full at time of filing, he may file a verified petition that he is without, and cannot obtain the money with which to pay the fees of the Clerk, Referee and Trustee. If the petition is granted, the filing fees may be paid in instalments.

Usually prepared to accompany the petition will be a written, signed proposal by the debtor indicating the amount of the payments which he proposes to make. This is referred to as his "plan" and will contain a provision permitting the Referee to increase or reduce the payments during the period of extension.

The debtor also signs an authorization to his employer instructing him to deduct the proposed payment from his wages if so ordered by the Referee.

The petition is signed in triplicate and sent to the Clerk of the United States District Court in which the debtor resides. The Federal Judge then refers the case to the Referee and sends to the Referee copies of the petition. The Referee promptly calls a first meeting with the debtor and his creditors.

While the law does not require any more than a post-al card notification to all creditors stating the time and place of this first meeting, the Referees in the Birmingham court send all creditors a list of the debtor's creditors, the amounts due each of them and the nature of each debt.

First Meeting and Action by the Referee

Probably one of the most important functions of the Referee are the decisions that must be made during the first meeting of creditors.

At this time the Referee must evaluate the debtor's total debt and determine his ability to pay.

By direct examination of the debtor and the creditors, or by information supplied by mail or phone, the Referee must determine the accuracy of the amounts listed on the schedule. Creditors should file their claims promptly in order to participate in the plan.

However at all times the Referee tries to make arrangements for immediate commencement of payment by the debtor, and defers differences in claims and disputes until a later meeting.

After the Referee determines the feasibility of a plan of payment to which the debtor and a majority in number and amount of the unsecured creditors agree, he then determines the payments to be made to secured creditors whose claims are dealt with by the plan. Usually he will allocate specific payments on such claims as mortgages on household furniture, automobiles or appliances sold on conditional sales contracts, taxes and mechanics liens.

When the Referee has completed the allocation, all creditors are advised of the exact action taken by a copy of the confirmation order establishing the plan for payment. The form used will show the amounts and manner of payment to be made by the debtor and how the payment will be allocated. He also assigns the case to the Trustee, or as he is called in Birmingham, the "Supervisor-trustee."

When these arrangements are concluded the Referee instructs the debtor to make payments to the "Supervisor-trustee" unless the deductions are to be made by his employer and forwarded to the Court. He gives the debtor a small identification card bearing the case number and showing the amount of each payment and the date first payment is due.

The Referee always cautions the debtor that payment must be made as agreed and that he should refrain from purchasing additional merchandise or services on credit until his debts are discharged pursuant to the plan. The Referee states that should the debtor fail to make any payment to the Court as agreed, his entire earnings will be ordered into the Court.

This is not done, of course, where the debtor is employed by a company that makes wage or salary deductions for the Court. In the Birmingham area a large majority of the companies make such deductions.

Some companies prefer not to make deductions. In these cases they do cooperate with the Court by sending the debtor's check to the Court, promptly, on payday. The debtor's payments are deducted from the check and the balance given to him.

Unsecured creditors are paid only the amount due at the time their claim enters the Court. This eliminates any additional interest or service charges that would ordinarily accrue for the additional time to settle the account.

Duties of the Trustee or "Supervisor-Trustee"

As previously mentioned the Trustee in Bankruptcy is appointed by the Referee and in Birmingham the Trustee is called the "Supervisor-trustee."

This is an excellent public relations practice as they make every effort to omit the word "bankruptcy" whenever and wherever possible. In fact the word is not even shown on the office door of the Court. It bears the name, "Debtors Court Division," United States District Court.

The "Supervisor-trustee" has offices in the same building as the Referees, so that his records are at all times available to the Court. In Birmingham, John A. Stubinger, who has held this position since 1937, is employing thirty-one people in various capacities, such as cashiers, clerks, bookkeepers and collection supervisors.

At times four cashiers are kept busy receiving payments from debtors who make their payments direct to the Court, or whose entire earnings have been ordered into Court.

Our survey showed a highly efficient bookkeeping set-up in this office, designed to disclose clearly and as simply as possible the exact status of each case. We found that the Referees work very closely with the "Supervisor-trustee," taking the position that once a case is confirmed, it is the Court's duty to see that the debtor makes his payments in accordance with his plan. This is most important as in many cases the debtor fails to make payments into Court and the "Supervisor-trustee" finds it necessary to order in his entire earnings. This cannot be done unless the Referee is willing to issue such orders. Of course, this procedure is not required where the employer makes deductions for the Court.

Due to the large volume of cases handled in Birmingham, the Referees delegate authority to the "Supervisor-trustee" to reduce payments temporarily where a debtor has a legitimate excuse such as lack of work or sickness. Where necessary the Referees issue the required orders upon the "Supervisor-trustee's" recommendation.

Should the Referee feel that the Wage-Earner Court can no longer effect collection, perhaps because of unemployment, death or that the debtor has left town, all creditors are immediately notified to this effect and are then free to take whatever action they feel is necessary to protect their interest.

Disbursements are made to creditors on the 10th of each month. The following quoted figures of total disbursements taken from the regular annual audit of the "Supervisor-trustee's" office disclose the magnitude of this operation.

Length of Time Before Payment Is Made To Creditors

One hundred typical cases were examined to determine the length of time from the date of filing of the petition to the first payment to the creditors. This sampling revealed that the average time is four months.

Let us assume that the debtor files his petition on January 10:

January 10 Petition filed
January 25 First meeting held by creditors
January 26 Employer notified to start deduction of wages

March 10 Employer remits to Court monies deducted during February

March 11 Court costs and attorney's fees usually paid with February withholding

April 10 Employer remits second month of withholding

If the employee's first deduction will pay the Court cost and attorney's fees, the creditors will receive their first payment on May 10, as the Court pays the creditors once each month.

Many credit managers are required by their superiors to classify wage earner claims as delinquent accounts, thereby lowering the branch's collection percentage. It is suggested that these accounts be placed in a suspense file as the money is being accumulated to eventually pay the account.

Our survey shows that once payments begin they are usually prompt in the future.

How Receipts Are Distributed by the Trustee

Section 659 of Chapter XIII establishes the priority of certain payments by the Trustee—"Supervisor-Trustee" in Birmingham) before any distribution is made to creditors. In general this section provides for the actual and necessary costs and expenses of administration of the plan; "such reasonable fee to the attorney for the debtor as the Court may allow"; and the payment of certain debts such as wages and taxes that may be owing.

Objection to the use of Chapter XIII is sometimes made because of the delay in payments to creditors. In considering this, however, several factors should be borne in mind. There are some who feel that payment of attorney fees and costs before creditors is unfair. In some cases a Referee may work out a plan for attorney fees and costs to be paid along with creditors. However, this is not always feasible and we must not lose sight of the fact that the debtor pays all of the costs; that in most cases he is trying to avoid ordinary bankruptcy and to rehabilitate himself financially with the help of his creditors, and, furthermore, if the case is successfully concluded, as most of them

SUMMARY OF RECEIPTS FROM DEBTORS Five Years Ending September 30, 1957

Year Ending September 30					
Month	1953	1954	1955	1956	1957
October	\$ 142,803.98	\$ 186,936.20	\$ 207,835.56	\$ 242,531.12	\$ 245,824.39
November	153,791.25	180,504.29	211,121.61	259,363.14	245,854.29
December	159,634.51	168,866.03	208,050.03	232,597.34	239,865.27
January	160,865.66	209,864.48	214,886.34	266,147.12	266,822.49
February	161,476.77	169,945.75	203,207.81	225,365.74	220,719.64
March	154,524.44	173,943.92	201,872.91	246,295.89	273,159.86
April	177,797.87	198,824.61	217,407.34	245,308.16	284,840.11
May	174,645.48	196,743.74	224,376.28	235,763.77	271,771.00
June	170,763.58	192,593.37	247,395.93	210,708.10	319,715.09
July	169,538.42	194,598.92	228,867.85	153,722.19	299,766.05
August	175,906.46	204,361.73	247,371.84	138,450.88	306,471.97
September	176,470.01	200,479.30	175,043.08	158,992.50	303,188.47
Totals	\$1,978,218.43	\$2,277,662.34	\$2,587,436.58	\$2,615,245.95	\$3,277,998.65
Annual Percentage Increase		15.14%	13.60%	1.07%	25.34%
Percentage Increase 1953-1957	65.70%				

can be if properly handled, a possible bad debt is salvaged by the creditor, and in most cases, without cost to the creditor.

Powers of the Referee

The Bankruptcy Act gives the Referee broad powers under Chapter XIII. However, in the Birmingham area the success of the Court has been due primarily to the interest and understanding of the Referees rather than to the power they have under the law.

Examples of what the Referee is empowered to do may be cited:

1. He has exclusive jurisdiction of the debtor and his property, wherever located, and of his earnings and wages during the period of consummation of the plan. The Court can and often does order the debtor's wages to be paid to the Court by the employer.

2. He may enjoin or stay commencement or continuation of suits against the debtor or of proceedings to enforce any lien against the debtor's property.

3. He may release and dissolve a garnishment or attachment of wages against a debtor.

4. He has the power to adjudicate the debtor a bankrupt, if he consents.

5. He has subpoena powers over witnesses, employer's records, or anything pertinent to the conduct of the case.

6. He can restrain a vendor who has sold merchandise under a retention of title contract from repossessing his merchandise when the buyer has a proceeding pending in the Wage Earner Court. The vendor may have in some cases an unqualified right to repossess but he must first secure the Court's approval.

7. He may order a wage-earner debtor to turn over property to a secured creditor under appropriate circumstances.

8. Where the Referee feels that the wage earner is trying to pay out of his salary debts incurred by a business failure, or that the debtor is much too heavily involved, he may, with the consent of a majority of the participating creditors, order a composition, or scaling down of the debts, in order to rehabilitate the debtor.

Cost of a Wage Earner Proceeding

All of the costs of a wage earner case are paid by the debtor. In the 100 cases examined to compile the costs and other information, the following averages were determined:

Attorney fees	\$ 38.73
Court costs	71.30
Amount of average case	610.50

Attorney fees are set by the Referee. Most Referees try to follow a suggested scale of fees recommended by the local Bar Association but have the right at all times to use their judgment subject to review as to attorney's fees. In Birmingham the fees start at \$15.00 and are scaled upward depending upon the amount involved. As an example, \$50.00 is the amount usually set if the debtor owes approximately \$500.00.

Schedule of fees set under the Act are as follows:

Filing fee	\$15.00
Expense—if petition lists indebtedness under \$200.00	10.00
Expense—if petition lists indebtedness over \$200.00	15.00

½ of 1 per cent of amount paid to creditors is transmitted to the Treasury for Referees' Expense Fund.

½ of 1 per cent of amount paid to creditors is transmitted to the Treasury for Referees' Salary Fund.

25 cents filing fee for each claim filed over ten in number is transmitted to Treasury for Referees' Expense Fund.

4 per cent of net amount paid into Court by debtor to be paid into the Trustee ("Supervisor-Trustee" in Birmingham) Expense Fund—this is administration costs.

Percentage-wise, the cost of a case coming into the Wage Earner Court is considerable, especially where the total debt is small. They are designed to be adequate to make these proceedings self-sustaining. As a result the Bankruptcy Courts do not cost the taxpayers of the United States anything.

The fact that the costs are not inconsiderable tends to discourage the use of the Wage Earner Court by debtors who can and should arrange their affairs through ordinary business channels, such as banks and lending institutions.

Cases Need Not Be Typical Debtor to Come Into Wage Earner Court

In some instances an attorney may advise a wage earner to file a Chapter XIII petition for reasons other than his inability to meet current obligations. As an example a debtor may wish to dispute certain claims, and by entering the Wage Earner Court he may be able to have these claims adjusted. The advantage is that the debtor is able to settle all of the claims at one time rather than pay excessive legal expenses and spend needless time in various courts. In this manner deficiency judgments may sometimes be so adjusted and paid under the plan, thereby avoiding the necessity for the filing of an ordinary bankruptcy proceeding.

Chapter XIII—A Helping Hand

After studying the Wage Earner Court in Birmingham, it can be truly said that Chapter XIII offers a helping hand not only to the debtor but to the creditor and debtor's employer as well, and even to the community as a whole.

For example, there is the debtor who, through no fault of his own, has incurred a series of debts due to illness in his family. Generally speaking people have a keen desire to pay their bills, but because of lack of finances the debtor is naturally concerned and might become a morale problem to his employer, or an accident hazard if he is operating any kind of machinery. Many creditors call the debtor at his place of business, disrupting his work as well as consuming the employer's time. The creditors are naturally concerned because they face a possible loss.

Any plan that can solve these problems obviously is a boon to all concerned.

Assume, however, that we have the case of the debtor whose problems have arisen through his own fault, reckless spending or failure to meet obligations when due. While this presents a less sympathetic case, the creditors and employer still have the same problem of collecting their money and maintaining the debtor as a satisfactory employee. There is also the problem of rehabilitation so that the debtor can again become an asset to his community.

Figures of Interest

A review of an average year's operation in the Birmingham Wage Earner Court shows the following:

1. Approximately 6,000 new cases are handled each year.
2. A summary of 7,490 cases as of June 30, 1957 showed the following:
Eighty per cent had been pending for less than 18 months—20 per cent had been pending for over 18 months (a strike of two months' duration during 1957 affected the figures shown).
3. The Court is currently paying creditors over \$200,000.00 each month.
4. An average of 100 cases are heard each day. This includes meeting of creditors, hearings on claims, and amendments to petitions.
5. The "Supervisor-Trustee" will receive between 6,000 and 7,000 payments per month from debtors.
6. In cases successfully concluded under Chapter XIII almost 100 per cent of all claims are paid in full.

Summary

The study of the Wage Earner Court in the Birmingham area showed it to be a most efficient operation. In the fiscal year ending June 30, 1957 the Court collected and returned to creditors more than 2 million dollars, the greater part of which probably would have been lost had the debtors decided to file in ordinary bankruptcy.

The success of the Court can very largely be attributed to the Referees and their method of operation. They have done a remarkable job of public relations with employers in the area. At the present time over 200 large industrial firms voluntarily make salary deductions for the Court. Several hundred more send the debtors' entire earnings to the Court and the Court in turn deducts the regular payment for creditors.

In areas where Wage Earner Courts are not operating as efficiently as the one in Birmingham, credit executives have not been too interested in Chapter XIII. We have been asked, "What can be done to remedy this situation?"

It is vitally important that a strong committee of credit executives and possibly large industrial employers meet with the Referee and U. S. District Judge to discuss the importance of rehabilitation of employees and the recovery of money for the merchants by the use of Chapter XIII proceedings.

Some Referees show little interest in handling wage earner cases, either because they are fully occupied with other work or because they feel a wage earner case is a small matter and relatively unimportant.

Should the Referee be fully occupied with other matters, it might be possible to have an additional Referee appointed to handle nothing but Chapter XIII cases, as was done in Birmingham, or to add a part-time Referee.

If a Referee feels that a Chapter XIII case is unimportant he may be convinced by overwhelming evidence that the accumulative effect of many wage earner cases is important to his community, particularly the credit community. In large industrial areas wage earner cases are large in number. Together, the credit problem they represent is very significant to the debtors and creditors involved.

Most Referees, if given a clear picture, would be happy to increase the scope of their operations in this field as a public service.

While the National Retail Credit Association is interested in Chapter XIII as an instrument to rehabilitate

individuals who for various reasons find themselves in financial difficulties, with all the social implications attached thereto, we are also vitally interested in reducing credit losses of our members through ordinary bankruptcies, and in reducing the increasing number of ordinary bankruptcies being filed by employees in this country.

We have felt that the proper use of Debtor petitions filed under Chapter XIII of the Chandler Act would go a long way toward solving this problem. Our survey of the Court in Birmingham convinces us that we have been correct. The following figures furnished by the Clerk of the United States District Court in Birmingham, of actual filings of ordinary bankruptcies and of Debtor cases under Chapter XIII, clearly show that where the Court has the support of creditors and of the local Credit Association, bankruptcies can virtually be eliminated and millions of dollars salvaged for creditors.

For the year 1938, the first year in which Chapter XIII was in existence, cases filed under the Chapter constituted 33.8 per cent of all cases filed—66.2 per cent or 2,200 cases were filed in ordinary bankruptcy.

Each year from 1938 to 1949, with one exception, saw an annual reduction in the per cent of the total of ordinary bankruptcies and a similar per cent increase in the use of wage earner petitions.

In 1939 only 52.7 per cent of the cases filed were ordinary bankruptcies.

In 1940 another reduction to 42.6 per cent.

In 1941, 38 per cent of the total.

In 1942, 37 per cent of the total.

In 1943 (a year of low total filings) the percentage of ordinary bankruptcies increased to 42.8 per cent of the total—however in 1944 we again find a decrease to 34.8 per cent and in 1945 a further decrease to 33 per cent of the total cases filed.

The reduction in 1946 was to 28 per cent—in 1947, 20.7 per cent—in 1948, 12.2 per cent and in 1949, 10.3 per cent of the total cases filed were ordinary bankruptcies, the balance being debtor cases.

Since 1949 the ordinary bankruptcy cases have levelled off to between 9 per cent and 11 per cent of the total of all cases filed—the balance of cases filed being debtor cases.

This represents a reduction in the ordinary bankruptcies and other cases from 2,220 in 1938 to a level of about 800 cases a year—and this during a period when bankruptcy cases generally are showing a substantial increase.

★★★

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (Title 39, United States Code, Section 223), SHOWING THE OWNERSHIP, MANAGEMENT AND CIRCULATION OF THE CREDIT WORLD, published monthly at Fulton, Missouri, for October 1958.

1. The names and addresses of the publisher, editor, managing editor, and business manager are:
Publisher, National Retail Credit Association, St. Louis, Missouri
Editor, Arthur H. Hert, St. Louis, Missouri
Managing Editor, Leonard Berry, St. Louis, Missouri
Business Manager, G. F. O'Connell, St. Louis, Missouri
2. The owner is: National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri; J. C. Gilliland, President, Fingerhut Manufacturing Company, Minneapolis, Minnesota; David K. Blair, First Vice-President, H. Liebes and Company, San Francisco, California; Earl A. Nirmaier, Second Vice-President, W. Wilderrotter & Company, Newark, New Jersey; L. A. Brumbaugh, Third Vice-President, Valley National Bank, Phoenix, Arizona; L. S. Crowder, General Manager-Treasurer, 375 Jackson Avenue, St. Louis 5, Missouri; and Arthur H. Hert, Assistant General Manager-Secretary, 375 Jackson Avenue, St. Louis 5, Missouri. No stock.
3. The known bondholders, mortgagees, and other security holders owning or holding one per cent of the total amount of bonds, mortgages, or other securities are: None.

ARTHUR H. HERT, Editor
Sworn to and subscribed before me this 30th day of September, 1958.
Mary E. Riordan
(My commission expires May 18, 1961.)

CREDIT FLASHES

Credit Clinic at Fresno

A Credit Clinic was held recently at Fresno, California, sponsored by the Merchants Association of Fresno, Credit Granters Group of Fresno and the Credit Managers Association of Fresno. The classes were held at the Fresno Junior College for four nights from 7:30 p.m. to 9:30 p.m. with 235 credit personnel enrolled for the course. Joel W. Biggerstaff, Secretary-Manager, Merchants Association of Fresno was the moderator for the four meetings. A question and answer period was held during the last 30 minutes of each meeting. Speakers included: E. F. Hodge, Sacramento; D. E. Blauert, Merced; Robert E. Meldrum, Fresno; Mrs. Marie Gower, San Francisco; Glen Ruddy, Visalia; Russell Barrett, Modesto; C. G. Murray, Fresno; Joe Quick, Fresno; Leo Clapp, Fresno; John M. Hollister, Fresno; and Earl Carlsen, Hanford. At the last session Glen Ruddy presented a summary of the four meetings.

Walter B. Scott Retires

Walter B. Scott, veteran credit executive has resigned as General Credit and Collection Manager, Ludwig Baumann and Spear's, New York, N. Y., a position he has held for the past 15 years. Active in credit management and credit bureau affairs, Mr. Scott intends to continue in the collection field.

J. P. McKenna With Diebold

J. P. McKenna, Jr., formerly with Craig-LeFebure, is now associated with Diebold, Inc., as Director of Systems Sales in the East. He will have his offices at Two West 45th Street, New York 36, New York.

Erling T. Ellington

Erling T. Ellington, 53, Credit and Business Manager, Emanuel Hospital, Portland, Oregon, died recently as a result of an automobile accident. He was born at Stetsonville, Wisconsin, and came to Portland in 1943. He was active in the Retail Credit Association of Portland and last July he was a co-chairman of our Medical, Dental, Hospitals group at the Los Angeles conference. He was a member of the Masonic Lodge, York Rite, Shrine, and the Bethlehem Lutheran Church. He is survived by his widow, a foster son, his mother, three sisters and two brothers, to whom we extend our deepest sympathy.

Positions Wanted

CREDIT SALES MANAGER. Successful young woman, promotional minded credit executive wants change. Present position in Midwest for 15 years. Prefers Southwestern States but will locate elsewhere. Complete charge of accounts receivable. Department or specialty store. Box 11582, The CREDIT WORLD.

CREDIT MANAGER. Department and specialty store credit and collection experience. Have supervised cycle billing and revolving credit. Accounting experience. Will locate anywhere. Available at once. Résumé on request. Box 7582, The CREDIT WORLD.

Coming District Meetings

District Two (New York and New Jersey) and **District Twelve** (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will hold a joint annual meeting at the Greenbrier Hotel, White Sulphur Springs, West Virginia, February 14, 15, 16, and 17, 1959.

District Three (Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, and Tennessee) will hold a joint annual meeting at the Dinkler-Plaza Hotel, Atlanta, Georgia, April 19, 20, 21, and 22, 1959.

District Five (Kentucky, Michigan, Ohio, Ontario, Canada, Illinois, Indiana, and Wisconsin, except Superior) will hold its annual meeting at the Netherland Plaza Hotel, Cincinnati, Ohio, February 8, 9, and 10, 23, 24, and 25, 1959.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Radisson Hotel, Minneapolis, Minnesota, April 12, 13, and 14, 1959.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Mayo Hotel, Tulsa, Oklahoma, March 13, 14, and 15, 1959.

District Eight (Texas) will hold its annual meeting in conjunction with the 45th Annual International Consumer Credit Conference, Dallas, Texas, June 21, 22, 23, 14, and 25, 1959.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Winthrop Hotel, Tacoma, Washington, May 16, 17, 18, and 19, 1959.

District Eleven (Arizona, California, Nevada, and Hawaii) will hold its annual meeting at the Senator Hotel, Sacramento, California, February 21, 22, and 23, 1959.

Canadian Credit Conference

The Canadian Consumer Credit Conference will hold its annual meeting at the Prince Edward Hotel, Windsor, Ontario, Canada, February 15, 16 and 17, 1959. The conference will include members of the Credit Granters' Association of Canada, Credit Women's Breakfast Clubs of Canada, and Associated Credit Bureaus of Canada. Conference Chairman will be Larry Brennan, Webster Motors Ltd., with Edward Herage, C. H. Smith Department Store, as co-chairman.

Top credit executives throughout Canada will be at Windsor to guide and counsel. Access to their knowledge is open to all members who attend this annual conference. There is a bonus for all who register in advance. Canadian members are urged to plan now to attend and register now for this annual Canadian event.

National Retail Credit Week

The 1959 National Retail Credit Week begins Sunday, April 19 and ends Saturday, April 26, 1959.

President Gilliland Honored

The Retail Credit Association of Cook County, Chicago, Illinois, honored J. C. Gilliland, President of the National Retail Credit Association at its first fall meeting held in the Mirror Room, Hamilton Hotel, Chicago, October 15, 1958. Also honored was Carl S. Hobbett, Secretary, Retail Credit Association of Cook County, Director at Large of the Associated Credit Bureaus of America.

The National Retail Credit Association was represented by: David K. Blair, First Vice President, San Francisco, California; Earle A. Nirmaier, Second Vice President, Newark, New Jersey; L. A. Brumbaugh, Third Vice President, Phoenix, Arizona; Eldon L. Taylor, Immediate Past President, Ogden, Utah; Kaa F. Blue, Past President, New Orleans, Louisiana; Vernon E. Rasmussen, Director, Seattle, Washington; and William F. Streeter, Director, Minneapolis, Minnesota. These officers and directors attended the dinner following a meeting held at the National Office, St. Louis, Missouri, October 14-15, 1958.

Joseph A. White, Credit Manager, The Fair, Chicago, Illinois, and a Past President of the National Retail Credit Association was Master of Ceremonies of the dinner at which 175 members and friends attended. After the congratulatory telegrams and letters were read, Mr. Gilliland was presented with a Parker magnetic pen set as a distinguished service award. Mr. Hobbett was recently awarded a citation for meritorious merit by President Eisenhower's Committee for the Employment of Physically Handicapped.

Mr. Gilliland, formerly Assistant Vice President of the Pullman Bank and Trust Company, Chicago, is now Credit Sales Manager of the Fingerhut Manufacturing Company, 3104 West Lake Street, Minneapolis 16, Minnesota.

Are You Interested?

YOUR SPOKESMEN in Congress—your representatives in the complex machinery of Federal Government—are the two Senators from your state and the Representative from your Congressional District.

Senators are elected by all voting citizens of a state, while, on the other hand, you and your neighbors vote for the Representative from your district.

The man who now represents you may not be the man you voted for, but once he is elected by the majority of voters, he represents you regardless of his party affiliation.

This, of course, should be the ideal situation—that he represents your views. But how long has it been since you have taken a critical look at those who represent you in Washington?

Have they actually represented you or have they consistently voted along the lines of special groups who may have been instrumental in their election?

Senators and Representatives who owe allegiance to any minority group will not vote for legislation that would be adverse to the interests of their backers.

Right now is the time that the average voter can correct these "steamroller tactics" which are threatening to undermine our American system of lawmaking.

If you are interested in preserving our American way of life, you should begin now to evaluate the merits of each candidate for political office—regardless of party—in the forthcoming elections. You should determine his qualifications, and most important, his allegiance to any group that might be throwing its support behind him for obvious reasons.

All Americans, if they want democracy to survive in these critical times, should take an active part in elections. It is the inherent right of every American to have adequate representation in the legislative halls.

Support the candidate who will support you!

The Book Shelf

How to Get More Business by Telephone (Business Bourse, 80 West 40th Street, New York, New York, 246 pages, \$4.85.) A man who for years is selling more than anyone else in his company and does it solely through telephone prospecting, gives away his best secrets in this book; incomparably the best and most complete, practical book on telephone selling ever compiled. Jack Schwartz, the author, has related in this book, ideas and plans which he has taken a dozen years to test out and learn. All over the United States Mr. Schwartz is noted for his spectacular ability to make his fortune in sales to complete strangers, via the telephone. Every line of business can make profitable use of this book. Mr. Schwartz addressed our annual conference in Los Angeles last July on the subject "How to Get More Business by Telephone."



If You Can Count to Four (Whitehorn Publishing Company, 2151 American Avenue, Long Beach, California, 218 pages, \$4.00.) If you can count to four, and who can't, you can be anything you want to be and have anything you want to have. This book, by Jim Jones, is non-fiction, dealing with positive thinking. The author solved his problems by applying the formula which is so well defined in this book. Observations led him to suspect there was some specific pattern to the attainment of success. As a result of considerable study and research, he discovered the pattern, a simple, practical rule for success and happiness, now available to anyone, in any walk of life.



How to Put Words to Work (Order from National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri, 182 pages, \$1.50.) This book gives you in compact, easy-reading style, stimulating and unusually informative material on how to put your words to work. It is a reference on questions dealing with usage of vocabulary and grammar. The author, Waldo J. Marra, is a noted lecturer and authority on correspondence training. Mr. Marra is also the author of N.R.C.A.'s text and reference book "Streamlined Letters."



1958-1959 Credit Management Year Book (Credit Management Division, National Retail Merchants Association, 100 West 31st Street, New York 1, New York, 320 pages, \$6.50 to members of the National Retail Credit Association.) This manual for credit executives contains a complete section on instalment selling, including a thorough analysis of revolving and all-purpose or optional accounts. Other sections cover expense cutting suggestions, special problems of smaller store credit operations, collections, authorization-identification and credit reporting service. The book shows you how you can utilize every opportunity to increase sales and profits through sound credit selling. This is an excellent book for credit executives, store heads, controllers, sales managers, collectors, credit bureau managers and educators.

CREDIT DEPARTMENT

Letters

LEONARD BERRY

YOU WANT your letters read, understood, and acted on. This is simply another way of saying that first attention must be anchored . . . the subject matter clearly explained . . . the desired action indicated and urged. Only when all three are accomplished do business letters justify their cost. And that cost, incidentally, is substantial. Some authorities put the cost of the average business letter at \$1.50!

No matter whether letters are selling credit facilities, accepting or declining an application, collecting money, making an adjustment or any other purpose, those three steps are necessary for success. Take the first part of the formula, *getting the letter read*. Most likely your letter arrives with other letters. Mrs. Customer has part at least of her mind on household responsibilities and family needs. Your letter must compete with those and other distractions. The appearance of your letter (and its envelope) must rivet attention and provide the proper atmosphere for the reception of your message. Your letter should possess the appearance of importance.

The other day I received a letter from a fine store. Obviously, no expense had been spared on the quality of the paper; it was the best. The letter itself excellent; interesting, clear, impelling copy. Whoever wrote it obviously had spent time and effort on its composition. The envelope had been run off on the Addressograph. No harm in that, a neat Addressograph imprint is good-looking and business-like. However, on this particular envelope, the imprint lurched crazily at an angle and far to the left. A small thing? Yes, but it gave an impression of carelessness and indifference and certainly did not have the appearance of being an important communication.

A suggestion, add your own name and home address to all your direct mailings. You will gain valuable information as to the mechanics of the mailing and will see how the letter looks to the receiver.

At a recent Business Communications Clinic a question was asked about the relative advantages of (a) hand-stamping, (b) Government postage-prepaid imprints, and (c) postage meter imprints. The answer was that it does not make too much difference providing, in the case of stamps and postage meter imprints, that they are neatly and correctly affixed. People nowadays are accustomed to receiving mail with all kinds of postage devices. As a practical matter with large mailers, the use of postage meters is mandatory, except perhaps for some highly personal communications.

Incidentally, postage meters give an added advantage, the "slug" imprint. It is surprising that more firms do not take advantage of this opportunity of getting across some important messages to their customers. They cost practically nothing and are most effective. Vary the message often and make it timely.

Now, assume your letter has successfully hurdled the first fence. Interest has been aroused, the customer is in the mood to see what this is all about. You have gained attention and she is at least somewhat favorably disposed to read your message. Your letter must be *understood*. Dr. Rudolph Flesch, in the *Writing Handbook*, prepared primarily for the use of newspaper writers and editors, stresses need for short sentences, an average of not more than 17 or 19 words each, short words, an average of not more than 150 syllables per hundred words, liberal use of words and sentences that have human interest. He points out that it is the business of the writer to make the message clear. Short words and sentences make easier reading. If reading is easier, certainly

understanding is, and with understanding, favorable action is much more likely.

In this connection, credit and collection correspondents tend to use a "trade" vocabulary. Words that mean something to the writer but perhaps little to the reader. One test of whether your letters are understandable to the average reader is to ask one of your high school part-timers in the office, or store, to read them and tell you what they mean. If any doubt or hesitancy is shown, you can be sure that clearer writing is needed.

And, of course, play up any angle or approach that offers possible benefit to the reader. The "You" appeal. If there is the tiniest scrap of "good news" in what you are writing about, give that prominence, make it the "lead."

Finally, your letter must be acted upon. Some kind of action is bound to occur. It might be throwing the letter in the waste basket. That is action, but not the kind you want. It might arouse anger and resentment, but surely that is not your purpose. What exactly do you want the reader to do? Decide that point and you have a strong, impelling close to the letter. Describe the desired action clearly, simply, and firmly. Use courtesy, tact and consideration, but point the way to your goal.

Here is the "path to a sale" for letter writers:

a. Start with the YOU approach.

b. Arouse interest by talking in terms of reader benefit.

c. Tell the story clearly and simply.

d. Say what you have to say in the most pleasing manner.

e. Make it easy for your reader to do as you suggest.

f. Ask for the order . . . tell him what to do, when and how.

This Month's Illustrations



Illustration No. 1. You will be interested in this unusual firm name! The Pensacola Buggy Works is an old-established and highly respected automobile agency. The letter is outstanding because of the friendliness and helpfulness expressed. It should bring in the money and gain also the goodwill of the debtor.

Illustration No. 2. Newcomers to a community should be welcomed promptly and vigorous efforts made to get them into the store. Here is a fine "welcome" letter from a fine furniture store, White's Furniture Company, Pensacola, Florida. Newcomers arrive without any special store allegiances or preferences. New shopping habits have to be formed. Accounts for newcomers should be opened as quickly as possible . . . one credit customer is worth four cash customers!

Illustration No. 3. Another collection letter, this from an oil company. The device of setting forth the analysis of the balance owing is a good one . . . makes the debtor realize that time is slipping by and emphasizes the fact that delay in payment can be harmful to one's credit standing in the community. The letter from Sherrill Oil Company is commendably brief yet warmly thoughtful.

Illustration No. 4. Here we show an excellent credit sales promotion letter. Gayfer's, Pensacola, Florida is a modern and attractive store and the letter reflects the spirit of service which is part of the store's creed. Note the strong closing, "Come in, shop in pleasant surroundings, and enjoy the convenience of your charge account."

We are grateful to Pensacola, Florida for providing us with this representative selection of splendid letters.



PENSACOLA BUGGY WORKS

DEALER IN INTERNATIONAL TRUCKS
 (ONE) INTERNATIONAL TRUCK
 SERVICE
 (10) DAYS GUARANTEE BY
 PENSACOLA, FLA.



①

Mr. Frank Doe
 370 Bayshore Lane
 Pensacola, Florida

Dear Mr. Doe:

A tradition of friendly service has distinguished Pensacola Buggy Works from other motor sales and service companies ever since the year 1884.

This spirit of responsibility is deeply imbedded in all our responses to your problems. We want to be a part of the solution to your automotive needs at all times.

Your balance with us is now over sixty days past due. This would indicate some problem which we would like to help you solve. Please contact us now so that we can maintain your excellent record.

Cordially yours,

PENSACOLA BUGGY WORKS, INC.

J. H. Dexter
 J. H. Dexter
 Credit Manager, Service Sales.

SHERIFF OIL COMPANY

DISTRIBUTORS OF PURE OIL COMPANY PRODUCTS
 PENSACOLA, FLA.
 June 13, 1958

③

Mr. John Doe
 300 Home Street
 Nowhere, U S A

Dear Mr. Doe:

When an account runs past the due date, we find that most of our customers appreciate a brief note about it . . . often it's due to oversight or some question.

With this in mind, we call your attention to the prior month's amount shown on your last statement from our Pure Oil Credit-Check Office.

If you haven't already sent payment, won't you please let us hear from you?

Sincerely yours

L. A. Noyardson, Jr.
 Retail Credit Sales

RE-
 Enclosure

AS OF 5-22-58

\$30.00	Current
10.00	30 Days
20.00	60 Days
20.00	Over 90 Days
\$80.00	Total

FORM
 62-51041

BEN W. WHITE, Pres.
 NEVA L. WHITE, Secy-Treas.

WHITE'S FURNITURE COMPANY

P. O. Box 5188, Pensacola, Florida

November 1, 1958

Mr. John C. Customer
 000 Main Street
 Pensacola, Florida

Dear Mr. Customer:

Welcome to Pensacola!

It has just been brought to our attention that you have come here to make your home and we want to extend to you our sincere greetings. We hope you find our city to your liking and that you will find success and happiness in Pensacola.

If at any time there is anything we can do to make your transition here easier, please feel free to call upon us. White's has built a reputation for quality, fair dealing, and dependability—we are always on the alert for opportunities to render a service.

Naturally, moving presents some needs for changes and alterations, and we would be happy to offer suggestions to any home furnishing and decorating problems with which you may be confronted. White's Professional Decorators are available at no cost to our customers.

Won't you please come in soon and give us an opportunity of meeting you personally and showing you around our store.

Cordially yours,

WHITE'S FURNITURE COMPANY

B. W. White
 BEN W. WHITE
 President

MOBILE HIGHWAY AT THE CIRCLE

GAYFER'S

Pensacola
 TOWN AND COUNTRY PLAZA, PENSACOLA, FLA.

Mr. John Doe
 000 N. Pensacola Ave.
 Pensacola, Florida.

DEAR CUSTOMER:

We would like to extend to you a cordial invitation to take advantage of your charge account.

All our charge facilities are available to you to make your shopping here convenient and pleasant. Your charge account is open and ready to use. Just make your selection and say "CHARGE IT".

Our sales personnel will be happy to assist you in making your selections. Also available to you are our gift wrapping, delivery, mailing service, and free parking area.

Come in, shop in pleasant surroundings, and enjoy the convenience of your charge account.

Cordially yours,

Neve Singletary
 Neve Singletary
 Credit Manager



★ Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Inflationary Pressures Lead to New Talk of Standby Controls—On August 6, 1958, Senator Richard L. Neuberger (D. Ore.) introduced two bills, S. 4238 and S. 4239, calling for standby controls over prices, wages, rents and profits. In a speech on the Senate floor he said that he did not expect action in the present session of Congress, but that he was introducing the proposed legislation "to provide the basis for study by committee staffs of the Senate and to obtain views and comments from agencies and departments of the executive branch on the need for such weapons against runaway inflation." He conceded that controls on wages and profits are never pleasant to contemplate during time of peace, and that they have many drawbacks in the framework of an economy such as ours—"but deterioration of the dollar under steady and ruinous inflation is worse." Senator Neuberger explained that his bill was taken from S. 1081 of the 83rd Congress, 1st Session (C. W. June 1953, p. 24), calling for standby controls to be exercised in national emergency, which was co-sponsored by a bipartisan group of 11 Senators and passed by the Senate only at that time. He pointed out that his bill differed from S. 1081 in one important respect, namely, that it provided for the exercise of standby authority "to meet the needs of economic stability" as well as military emergency.

State Bank Superintendent Warns on Inflation—About as authoritative a statement on the subject as could be found is perhaps the speech by William A. Burkett, newly elected president of the National Association of Supervisors of State Banks, before the 84th Annual National Convention of the American Bankers Association at Chicago on September 22, 1958. He warned that "already our country is in the throes of heavy inflation," which "affects your bank deposits, your capital ratios, the success of our nation's foreign policy, our missile and rocket program." He noted that "Our government today is in large degree financing its deficit by credits from banks and financial institutions upon the Government's promise to pay." He called for: (a) drastic reduction of government spending; (b) passage of adequate tax legislation; and (c) the immediate appointment of a National Monetary and Financial Commission "to study our financial system with the view of recommending appropriate changes in it." If effective action is not taken, "we will soon have a 25-cent dollar," he stated.

Chamber of Commerce Urges Price Stability as a Primary Weapon to Fight Inflation—In its weekly newsletter for October 3, 1958, the Chamber of Commerce of the United States pointed out that the Employment Act of 1946, which sets the government's basic economic goals, should be amended "to make it an explicit government responsibility to fight inflation. It is clear," the Chamber noted, "that the Employment Act should be amended to make reasonable price stability a

primary goal along with high-level employment." The Chamber will advocate such an amendment during the next Congress. "Any amendment," it was stated, "must be carried out through specific monetary, budgetary and market policies."

D. C. Crusade Against Shoplifting Meets With Success—The all-out effort started by the larger merchants in the District of Columbia in May, 1958, to do something about the sharp increase in shoplifting. (C. W. August, 1958, p. 28), appears to be meeting with great success. According to a report of the large store division of the Merchants and Manufacturers Association, cooperating merchants have been prosecuting every known case of shoplifting. Since May nearly 650 adults have been convicted of grand and petty larceny from large stores. The rate of convictions has been 99 per cent of those arrested. In the same period 779 juveniles were arrested. Agreement among Association members to prosecute all known cases followed an estimate on May 11, 1958, that the shoplifting toll had reached \$12 million annually. A stringent shoplifting law along the lines of the "Yale Law Review Model" has been readied for introduction in the next Congress. It would:

(a) Allow store detectives, merchants and clerks to detain and question shoplifting suspects inside a store for a reasonable time on probable cause that a larceny has been committed. The detention would not constitute an arrest.

(b) Authorize store detectives to make arrests if they have "reasonable ground or probable cause" to believe the customer stole merchandise. Store detectives may now arrest only if they actually see a customer leave the store with stolen articles.

(c) Relieve merchants of civil or criminal liability for false arrest or false imprisonment as long as there were reasonable grounds for believing that the arrested person had committed a larceny. The Association believes that the threat of suit encourages professional shoplifters.

Independent Banks in New York Decline 30 Per Cent in Ten Years—In a release by the Senate Small Business Committee it is noted that independent banks in the state of New York declined by 30 per cent, from 687 to 480, in the decade starting in 1945. Because the decrease was caused chiefly by mergers, and the merged banks were continued as branches of the acquiring institutions, there was little reduction in actual facilities, it was stated.

Vacation Deferred Payment Plan—is the name of a plan inaugurated by Esso Standard this summer. A card is issued to regular customers and permits payment on a sliding-scale instalment plan: from \$50 to \$75, two months to pay; \$76 to \$100, three months, etc., up to \$150-and-over, six months. There is no carrying charge and the plan covers gas and oil, services and accessories. ★★★

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Your promise to pay promptly for any service or goods is a solemn obligation. The people with whom you do business depend on you to pay them so that they, too, can pay their bills and protect their credit. So, be fair to the people who have trusted you... pay your bills promptly.

THERE IS NO SUBSTITUTE FOR A GOOD CREDIT RECORD!



LOCAL ASSOCIATION

TRUST
is a
two-way street!



Naturally, you trust the physician, dentist, hospital or any professional man you consult. They, however, must accept you on faith, trusting you to pay them promptly. If you fail in these obligations, not only are those avenues of help closed to you but your credit suffers. Pay professional bills promptly and protect your credit.

GOOD CREDIT IS IMPORTANT AND VALUABLE—PROTECT IT



LOCAL ASSOCIATION

DAD SAYS
It's Just Good Business



To Pay Bills Promptly!

Yes... the man who pays his family's bills promptly is giving them security and the respect of the community. With good credit, a man can provide his family with everything they need as the years go by. Protect your family by keeping your credit strong. Prompt, regular payment will do it!

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LOCAL ASSOCIATION

PAY YOUR BILLS PROMPTLY
you'll never be here...



The good credit you establish by paying your bills promptly will keep you in the comfortable position of being respected and welcomed by everyone. You can buy practically anything in the world you want when your credit is good. So, don't get out on a limb... pay your bills promptly and enjoy life!

GOOD CREDIT IS THE BASIS FOR GOOD LIVING



LOCAL ASSOCIATION

HERE ARE four new pay promptly newspaper ads designed to educate the public to pay bills as agreed. They can be used any time as well as prior to, during

and following National Retail Credit Week.

Size, 5 $\frac{3}{4}$ " x 9". Mat in lower right corner of illustration above is 7 $\frac{1}{2}$ " x 6 $\frac{3}{4}$ ". Price \$3.00 each.

NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI

CREDIT WORLD November 1958 29

LOCAL ASSOCIATION *Activities*



Honolulu, Hawaii

The officers and directors of the Honolulu Retail Credit Association are: President, Robert Payne, The Liberty House; First Vice President, Goro Arakawa, Arakawa's; Second Vice President, Lloyd Char, Universal Motor Company; and Secretary-Treasurer, Alvin A. Smith, Credit Bureau of Hawaii. Directors: Joseph Aruda, Waikiki Sports; Arthur Caswell, Beneficial Finance Company; David Fontaine, W. A. Ramsay; Dorothy Hopcroft, Ft. Shafter Federal Credit Union; Helene Howe, Melim Service & Supply Company; Robert Riperton, Sears, Roebuck and Company; and R. V. Tanner, Von Hamm-Young Company.

Whittier, California

The 1958 officers and directors of the Whittier Retail Credit Association, Whittier, California, are: President, Richard Thomson, Hill's Clothiers; Vice President, Robert Myers, Myers-Whittier; and Secretary, E. J. Cress, Whittier Merchants Credit Bureau. Directors: John Heck, Heck's Men's Store; Herman Kennedy, Whittier Radio and Television; Russel Peele, Farmers Hardware; John Dore, Frank Dore and Sons; and Sam Breese, Quaker City Federal Savings and Loan Association.

Calgary, Alberta, Canada

The new officers and directors of the Retail Credit Granters' Association, Calgary, Alberta, Canada, are: President, Gordon Barr, Peerless Rock Products; Vice President, Robert Weeks, Chinook Building Supplies;

Treasurer, Sam Samuelson, Bank of Montreal; and Secretary, D. H. Morton, Credit Bureau of Calgary. Directors: George Hargrave, The E. Eaton Company, Ltd.; Gill Abbott, The Hudson's Bay Company; William Richardson, Fiske Tire Service; William Winter, Simpson Sears; W. Godfrey, MacIin Motors, Ltd.; and Joyce Birch, Tip Top Tailors.

Muncion, New Brunswick, Canada

The officers of the Credit Granters' Association of Moncton, Moncton, New Brunswick, Canada, are: President, Boyd MacGregor, Lounsbury Company, Ltd.; Vice President, Donald M. McIvor, The T. Eaton Company, Ltd.; and Secretary-Treasurer, W. J. Dalziel, Credit Bureau of Moncton. Committee Chairmen include: Telephone, Gil Theriault, Canadian Pittsburgh, Ltd.; Membership, Allan McLean, Moncton Lumber Company, Ltd.; and Entertainment, Ron Whittaker, Canadian Oil Company, Ltd.

Joliet, Illinois

Following are the names of the officers and directors of the Retail Credit Managers' Association for 1958-1959: President, John H. Shirley, Kalamazoo Savings & Loan Association; First Vice President, Reeve D. Emmons, Courtesy Loan Company; Second Vice President, Joseph W. Hamilton, Bronson Hospital; Third Vice President, Thomas B. Smith, Schippers Service Appliance; and Secretary-Treasurer, Ralph W. Mathews, Credit Bureau of Kalamazoo. Directors: Robert G. Sewell, Otto Kihm Tire Company; Lucille Steinman, Kalamazoo Creamery Company; William M. Pontz, First Federal Savings and Loan Association; Donald S. Vosler, Consumers Power Company; Wilma Woody, Hoekstra Sales Company; Harold J. Butler, John Keyser Agency; Richard Covey, Industrial State Bank; Harry D. Selner, DeNooyer Brothers; John Everts, American National Bank & Trust; Milford O. Patten, First National Bank & Trust; Jerry Wyson, American National Bank & Trust; and Earl Mason, Industrial State Bank.

Vancouver, British Columbia, Canada

The newly elected officers of the Vancouver Retail Credit Granters' Association, Vancouver, British Columbia, Canada, are: President, Rod Allanson, Watkins, Winram Fuel Company; Vice President, Edward McLaughlin, B. C. Electric Company; Treasurer, Cam Hyde, Clarke Simpkins Motor Company; and Secretary, Thomas Downie, Credit Bureau of Vancouver. Directors: Clarence Wellington, Johnson Motor Company; Edward Rush, Toronto-Dominion Bank; Harold Evans, The T. Eaton Company of Canada, Ltd.; Harry Black, Shell Oil Company; Harold Bell, Bell & Mitchell; A. B. Gillespie, Dr. Smith and Associates; W. Kerr, Woodward Stores, Ltd.; and D. Havard, Hudson's Bay Company.

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C-17

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- When used on credit department correspondence it carries prestige of N.R.C.A. membership.

Price, \$4.00 per thousand

NATIONAL RETAIL CREDIT ASSOCIATION

375 Jackson Ave.

St. Louis 5, Missouri

Minneapolis, Minnesota

At the annual meeting of the Retail Credit Association of Minneapolis, Minneapolis, Minnesota, the following officers and directors were elected: President, K. R. Norrbohm, Credit Bureau of Minneapolis; Vice President, R. W. Cutler, Schmitt Music Company; and Secretary-Treasurer, C. A. Wildes, Credit Bureau of Minneapolis. Directors: Ellen Aasve, Marsch & McLennan; Helen Freeman, Drs. Walter H. and Robert J. Fink; Carl F. Gerber, Great Plains Supply Company; L. A. Hales, Powers Dry Goods Company; Richard Johnson, Lowry Lumber Company; Donald M. Moe, Enger Funeral Home; R. D. Pankonin, Warren Cadillac; Don R. Rigsby, Marquette National Bank; James Wiberg, Ek-lund Clothing Company; and N. H. Dashiell, Jr., Northwestern National Bank.

Pittsburgh, Pennsylvania

The new officers and directors of the Retail Credit Association, Pittsburgh, Pennsylvania, are: President, S. Stone, May-Stern Company; First Vice President, J. R. Onorad, Fidelity Trust Company; Second Vice President, H. E. Delmasse, Hahn Furniture Company; Third Vice President, A. G. McMahon, Rosenbaum Company; Treasurer, C. G. Kaessner, Kaufmann's; and Secretary, T. L. Ford, The Credit Bureau. Directors: J. A. Schmidt, Federal Reserve Bank; and J. R. Franz, Lane Bryant.

Topeka, Kansas

The 1958 officers and directors of the Retail Credit Association, Topeka, Kansas, are: President, Karl T. Swanson, Topeka Morris Plan; Vice President, Donald S. Gibbs, Midwest Appliance Company; Secretary, Richard Allton, Ray Beers Clothing; and Treasurer, Paul Michel, Murphy Finance Company. Directors: Walter Dreier, Emahizers's; R. F. Griffith, Griffith Agency; Myron Powell, Eastlawn Market; C. W. Larson, Merchants National Bank; and G. Ray Umbarger, Topeka Medical Center.

Omaha, Nebraska

At the annual meeting of the Associated Retail Credit Granters of Omaha, Omaha, Nebraska, the following officers and directors were elected: President, Scott Johnson, Northwestern Bell Telephone Company; First Vice President, Donald Newberg, Securities Acceptance Corporation; Second Vice President, Wilma Drawbaugh, Kimball Laundry; Secretary-Treasurer, George Wruck, Associated Retailers; and Assistant Secretary-Treasurer, Elizabeth Hughes, Associated Retailers. Directors: Gladys O'Donnell, Herzbergs Department Store; Leo Niedbalski, Chicago Lumber Company; Ann Withnell, Philips Department Store; Harry Golden, First National Bank; Frank Nielsen, Nebraska Clothing Company; Henry Deets, Schaefer Oil Company; and Richard Shearer, Associated Retail Credit Bureau.

Chapel Hill, North Carolina

At the organizational meeting of the Chapel Hill Retail Credit Association, Chapel Hill, North Carolina, the following officers and directors were elected: President, Harvey Bennett, Bennett & Blockside; Vice President, Marvin Saunders, Nu Way Cleaners; Secretary, Mrs. Jane Whitefield, Credit Bureau of Chapel Hill; and Treasurer, J. E. Gilmore, Harriss Connors Chevrolet. Directors: George Spransy, Kenan Oil Company; Dr. W. T. Kohn; Billie Williams, Crowell Little

Motor Company; James Drake, Chapel Hill Tire Company; Carlton Byrd, Belk-Leggett-Horton Company; and Bernice Ward, Johnson-Strowd-Ward Furniture Company.

Roseburg, Oregon

The 1958 officers of the Retail Credit Association of Douglas County, Roseburg, Oregon, are: President, Donald Gerretsen, Gerretsen Building Supply; Vice President, S. M. Crites, C. M. Crites Company; Treasurer, Mrs. Daynise Beach, Miller's Mercantile Company; and F. G. Stewart, Douglas Credit Bureau.

Bristol, Pennsylvania

Officers and directors of the Retail Credit Managers' Association of Lower Bucks County, Bristol, Pennsylvania, are: President, George Gardner, Levittown Parkway; Vice President, William L. Allen, Jr., King Finance Corporation; Secretary, Howard K. MacCrokle, Buck County Credit Bureau; and Treasurer, Robert E. Akers, Lerner Shops. Directors: Louis A. DeAngelo, Fidelity Philadelphia Trust Company; John Freund, Girard Investment Company; Carl Hodgert, Bristol Printing Company; and Edward Kane, Philadelphia National Bank.

Providence, Rhode Island

At the annual meeting of the Retail Credit Granters of Rhode Island, Providence, Rhode Island, the following officers and directors were elected: President, Harold B. Smith, The Shepard Company; Vice President, Robert W. Clough, Atlantic Refining Company; and Secretary-Treasurer, Clinton W. Briggs, Providence Credit Bureau. Directors: Herbert A. Doyle, Petroleum Heat and Power Company; Frederick E. Hardy, The Outlet Company; Jay V. O'Dell, Old Colony Cooperative Bank; Emily Pingree, Manchester & Hudson Company; Lois Powell, Gladding's; William A. Reed, Kay's Newport; Robert C. Sayles, Rhode Island Hospital; John O. Shepard, Industrial National Bank; and Frank Stephenson, DeBlois Oil Company.

Annual Meeting at Anniston

The Anniston Credit Men's Association, Anniston, Alabama, held their annual banquet at the Jefferson Davis Hotel. Featured speaker for the occasion was E. L. Goodman, Manager of Credit Sales, Burger Phillips Company, Birmingham, Alabama, who talked on the annual conference in Los Angeles last July. Also in attendance was C. H. Gibson, Alabama Gas Company, Birmingham, and George W. Crawford, Alabama Power Company, also of Birmingham. Shown in the picture below, left to right, are: C. H. Gibson; Luther Rott, President, Anniston Credit Men's Association; E. L. Goodman; William Mange, Vice President; and George W. Crawford.



editorial comment

Credit Weathered the Recession Well

AS every schoolboy knows, it was wildly inflated credit that brought on the 1929 crash. When consumer credit rose to a record \$44.8 billion at the end of 1957, many an economist wondered uneasily whether history would repeat itself. Would credit, which had helped speed the postwar boom, bring on an accelerate an economic downturn? Now that the recession is waning, the answer is in. The credit structure not only surprised the experts but showed strengthening timbers that no one ever suspected it had.

As the recession picked up momentum in early '58, the fear was that instalment buying would plummet and, with a wave of repossessions by finance companies, pull the economy down farther. Nothing like that occurred. Total U. S. consumer credit (including instalment buying, charge accounts and personal loans) inched down to \$43 billion in July, only 4 per cent below its December high; instalment debt, the biggest hunk of the total, dropped only 2.7 per cent. Thus, credit continued to be a big support under the economy.

The remarkable way in which the U. S. consumer kept up his credit payments despite the recession contributed to economic stability. With a record total of \$78.5 billion in savings accounts, he had a fat roll to draw on. With the resources at his command, plus unemployment compensation and other supplementary benefits, he kept up his credit payments while cutting back on new commitments. Says a Los Angeles banker: "The consumer is not as wild an individual as many thought. For the most part, he is serious about satisfying his obligations."

In areas hard hit by unemployment, repossessions (especially of autos) and delinquencies on instalment payments naturally rose. But even they were not alarming. In Detroit, businessmen reported a "definite upsurge" in repossessions and mortgage foreclosures. In Worcester, Mass., where non-farm unemployment reached 10 per cent, loan companies reported repossessions up from a normal .5 per cent to nearly 2 per cent. In Gary, Ind., dependent on steel, auto repossessions rose from five per 1,000 to 23.

But in most parts of the U. S., businessmen reported that repossessions during the recession were "insignificant." In the Midwest, says Vice President Keith Cone of Chicago's La Salle National Bank, "the rise in the delinquencies and repossessions was just not alarming at all." By prodding the creditor to be more cautious in his lend-

ing and thus weeding out many a weak credit risk, the recession actually improved collections in some places. Sanger Bros. Department Store in Dallas and one of San Francisco's biggest department stores reported that collections were better during the recession than before it. Said Emil J. Seliga, president of Chicago's Talman Federal Savings and Loan Association: "The line of delinquencies this year is no more than the last two years. Sometimes I almost pinched myself because it seemed too good to be true."

The thing that had the consumer pinching himself—and proved the real surprise of the recession—was the change in philosophy among creditors. In the '30s, a man who fell a month or two behind in payments lost what he had bought on time. But banks, finance companies and stores now realize that what is good for the consumer is also good for them. To avoid repossessions they go out of their way to rearrange terms, give the borrower a better break. Chicago's Talman Savings and Loan announced in June that people who had had loans for two years and lost their jobs could skip their payments for up to six months.

Paradoxically, one of the great worries about credit, the little or no down payment required for purchases, actually turned out in many cases to be to the advantage of both consumer and creditor. A man who had bought a car with no money down and 36 months to pay had so little equity in the car that he was apt to say "Come and get it" if pressed too hard to pay. Result: many a creditor carried his jobless customers to save himself the trouble and cost of repossession—and usually got his money when the customer's lot improved. Says the vice president of a Cleveland bank: "Our psychology is different from what it was in the 1930s. We haven't gotten panicky this time. If a man had a steady record and didn't go to Florida when he was laid off but came in and talked to us, we carried him until he got a job."

No one believes that the credit structure is earthquake proof. If the downturn had lasted six months longer, it might have shaken down many of the props that held up the credit structure. But the recession showed clearly that credit is not the great danger to the economy that many people thought it was. After six months of declining, consumer credit turned around in August as people switched to buying more than they paid off. In effect, many a consumer wisely used the recession to pay off debts—and now is in shape to step up buying again.

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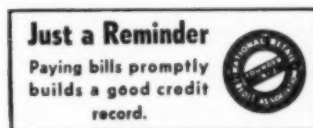
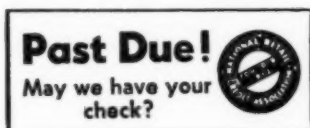
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